ENVIRONMENTAL PROTECTION AGENCY

ATLANTA PUBLIC HEARING

PROPOSAL FOR CLEANER HEAVY-DUTY TRUCKS AND BUSES AND CLEANER DIESEL FUEL

June 22, 2000

10:00 a.m.

The Renaissance Hotel
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Chet France
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MR. KUTZMAN: Good morning. I'm Jim Kutzman. I'm the deputy division director for the Air Division in the Atlanta office of Region 4. I want to welcome everybody to Atlanta. It may be raining a little bit later, but I guarantee it will be hot. And it may rain again, so hopefully you'll have umbrellas.

This public meeting is on the heavy-duty diesel rule. As most people know, the Tier 2 low sulfur fuel rule was passed in February. This heavy-duty diesel would be a complement to that. It's designed to control emissions on heavy-duty diesels.

The significance of this as it pertains to the Atlanta area is Atlanta has a critical air quality problem. We've had a conforming lapse since January of '98. No federal funds have gone to highway construction. Atlantans on the average drive 35 to 36 miles per day per person which is higher than Los Angeles.

The two primary sources of the problems around here are mobile sources and power plants. We're addressing the power plants. We're trying to address the mobile sources.

Atlanta is also a major transportation

center. Anybody who lives in the area or has passed through the area knows how much truck traffic we have in the area. So this rule is of particular significance to the Atlanta metropolitan area.

What I'd like to do at this time is introduce Chet France. Chet is the director of the Assessment and Standards Division of the Office of Transportation and Air Quality. He will be presiding over this public hearing and he will explain the rules and how we will proceed.

If Lanore Benjamin and Dale Askey and Kay Prince could stand up in the back. These are regional office people. Kay is the section chief in charge of this particular area and Dale and Lanore are staff. If you need any help, directions, or where to eat or anything else, if they're available, ask them. They may be able to help you.

Okay. With that, I'll introduce Chet France.

MR. FRANCE: Thank you, Jim. I have a brief statement that I will read. Good morning. On behalf of EPA, welcome to today's hearing and thank y'all for coming. There are some familiar faces in the audience, although they're dwindling. We're looking forward to hearing your views on a proposal

we believe to be critical to the future of air quality in the United States.

I am Chet France, director of the Assessment and Standards Division in EPA's Office of Transportation and Air Quality. I will be serving as the presiding officer. We will hear today testimony on EPA's proposed rulemaking for cleaner trucks and buses and cleaner diesel fuel.

The proposal we are considering today was announced by EPA administrator Carol Browner on May 17th and published in the Federal Register on June 2nd. We consider this to be a historic proposal. This proposed program will achieve a dramatic reduction in air pollution in the 21st century.

As you know, last year we established new programs to dramatically reduce emissions from cars and light trucks. That program called Tier 2 will help to improve the nation's air quality by both phasing in cleaner engines and cleaner-burning gasoline over the next decade for passenger vehicles.

We are now focusing much-needed attention on heavy-duty highway vehicles, applying the same principles of addressing the vehicle and the fuel as a single system.

The proposed program would protect the public health and the environment of all Americans by reducing the sulfur content in highway diesel fuel by 97 percent to provide the cleanest diesel trucks and buses in history.

This means for the first time ever heavy-duty trucks and buses would be able to use pollution-control devices to meet emission standards, just as passenger cars have been doing for the last 25 years. These devices are sensitive to sulfur and will not work unless the amount of sulfur in the fuel is dramatically reduced.

This action will provide greatly-improved air quality for all Americans. It will reduce smog-causing nitrogen oxides from these vehicles by 95 percent. It will reduce harmful particulate matter, or soot, by 90 percent. It is the clean air equivalent of removing from the air the pollution generated by 13 million of today's trucks.

Heavy-duty trucks and buses are largely powered by diesel engines. Diesel engines are more durable and get higher fuel efficiency than gasoline engines, but they also tend to pollute more.

Over 100 million people are exposed to unhealthy air and will continue to do so without the

emission reductions that would come from the proposed standards.

We estimate that by 2007 heavy-duty vehicles will account for about 30 percent of national mobile source NOx emissions and about 14 percent of national mobile source PM emissions. These proportions are even higher in urban areas, like here in Atlanta, where heavy-duty engines contribute 36 percent of the NOx and 16 percent of PM from mobile sources.

This pollution causes lung damage and respiratory problems, and there is increasing evidence that diesel exhaust may cause lung cancer in humans.

The proposed program would have a substantial impact on these emissions. Urban areas, which include many poorer neighborhoods, that can be disproportionately impacted by diesel emissions, would receive badly-needed benefits of this program.

We are proposing a particulate emission standard for new heavy-duty engines of .01 grams per brake-horsepower-hour to take full effect in the year 2007. This is a 90 percent reduction from today's standard.

We are also proposing standards for NOx of .2 grams per brake-horsepower-hour, a 95 percent reduction from the current standard. These standards will be phased in for diesel vehicles between 2007 and 2010. Gasoline vehicles will have to meet these standards in 2007.

To make the new diesel engine technologies work, we are proposing to take most of the sulfur out of highway diesel fuel beginning in mid-2006 when the cleaner model year 2007 trucks will begin entering the fleet. Specifically, we are proposing that sulfur levels of diesel fuel be capped at 15 parts per million. This is a 97 percent cut from the current highway diesel fuel levels of 500 ppm.

We estimate that the cost to produce and distribute the low sulfur diesel fuel will be about 4 1/2 cents per gallon, and we also estimate that vehicle costs would increase about $1,000 to $1,600 depending upon the size of the vehicle.

We designed this program to include significant lead time for the introduction of new cleaner fuel into the marketplace. The proposal also discusses various flexible phase-in approaches for the diesel fuel industry to facilitate the

complete transition to new clean diesel fuel and to reduce costs further, including provisions to address special needs of small refiners and farmer cooperative refiners. For engine manufacturers, the proposed program will allow phase-in of the new engine standards for years 2007 to 2010.

Before we start today's testimony, I'll introduce the EPA panel and describe how we will conduct this hearing.

You've already met Jim on my right. On my left is Paul Machiele and Don Kopinski who are managers of the diesel fuel and heavy-duty standards program. And to their left is Gretchen Graves who is a representative from our Office of General Consult.

This is the third of five public hearings we're holding on this proposal. In the last few days, we have been in New York and Chicago and will be in Los Angeles and Denver next week. We've been hearing from witnesses offering a broad range of perspectives, and we expect that will continue today.

Please keep in mind that in addition to the opportunity for oral comment at these hearings the comment period will remain open for an

additional 45 days after the last hearing -- and that is until August 14th -- to allow for written comments.

We are conducting this hearing in accordance with Section 307-D5 of the Clean Air Act which requires the EPA to provide interested parties with an opportunity for oral presentation of data, views, or arguments in addition to an opportunity to make written submissions.

We are pleased to have received a large number of requests to testify today, and we'll do our best to accommodate everyone. We ask witnesses to limit their testimony to no more than ten minutes.

There are two individuals I would like to introduce. Jeff Herzog and Todd Sherwood, if you would stand. These are very important people. They will have the timer and will be letting you know when you're approaching your ten-minute limit.

I will be conducting this hearing informally. We request that witnesses state their name and affiliation prior to making their statement. Please write your name clearly on one of the cards provided and place it in front of you.

When a witness has finished his or her

presentation, members of the panel may ask the person questions concerning their testimony. Witnesses are reminded that any false statement or false response to questions may be a violation of the law.

If there are any members of the audience who wish to testify who have not already signed up, please submit your names to the reception table outside.

And because of the large number of witnesses who will testify today, this hearing may go into the evening hours. Whenever there is time in the schedule, we will try to work in those who registered during the day and have expressed an interest in testifying. If the schedule permits, we will have a short break for lunch.

Finally, if you would like a transcript of these proceedings, you should make arrangements directly with the court reporter during one of the breaks. The transcripts of this hearing will be available in the docket shortly after we receive them from the reporter.

Before we begin, if there are any questions? If not, why don't we start with the first panel.

If John Medley would come up, Dr. Randall White, Greg Scott, Ronald Methier, Lisa Stegink, Rebecca Stanfield.

Okay. John Medley, if you would be kind enough to start.

MR. MEDLEY: Good morning. My name is John Medley, and I'm a fuels issue manager with ExxonMobil Refining & Supply Company.

ExxonMobil owns and operates six refineries in the United States and has a 50 percent joint interest in a seventh. Our crude oil refining capacity is about 11 percent of the total domestic crude oil refining capacity, and our highway diesel production is consistent with this crude capacity. Thus, we have a substantial interest in the domestic highway diesel market and in this rulemaking.

Our industry reduced the sulfur level in highway diesel in 1993, and the current diesel sulfur level represents about a 97 percent reduction from the sulfur level of incoming crude oil.

In spite of this significant achievement, ExxonMobil agrees that a significant further reduction in sulfur content of diesel fuel is needed for cleaner air. We support a reduction of 90 percent from the current levels to a 50 parts per

million cap to be implemented in the 2007-2008 time frame.

We have serious concerns about EPA's proposal for a 15 parts per million maximum sulfur effective in early 2006. In our view, EPA's proposal is a recipe for domestic supply disturbances and price volatility.

While ExxonMobil has concerns about many issues raised by EPA's proposal, I will focus my comments today on what we consider the two paramount issues in this ruling, the diesel fuel sulfur level and the implementation timing. In doing so, I will draw heavily on a recently-completed assessment by the National Petroleum Council.

ExxonMobil participated in the National Petroleum Council refining study that was just approved. The National Petroleum Council is an advisory committee to the Secretary of Energy.

In June 1998, the Secretary of Energy asked the NPC to investigate and report on the petroleum product deliverability in the face of increasingly stringent and numerous environmental regulations affecting fuels.

The Council report was just approved earlier this week, and today I plan to share with

you some of its observations and recommendations. If you'd like to know more about the NPC study which is titled Assuring the Adequacy and Affordability of Cleaner Fuels, the executive summary is available on the Internet at www.npc.org. Hard copies of the full report should be available from NPC by mid-July.

The NPC report deals with several possible product specification changes including a reduction in diesel sulfur. ExxonMobil agrees with the findings of this study, and I will reference the study conclusions throughout this testimony.

Industry has proposed a 90 percent reduction in diesel sulfur level from the current maximum of 500 parts per million to a cap of 50 parts per million. We believe this level can be met by making significant modifications to existing diesel treating equipment at costs that are significant but manageable.

NPC estimated that about $4 billion of investment would be required to achieve a 30 parts per million average diesel sulfur consistent with the industry's 50 parts per million cap proposal. Per gallon production cost would increase about 6 cents.

EPA's proposal for a 15 parts per million sulfur cap which translates to an average of about 7 to 10 parts per million will be substantially more expensive than EPA claims. EPA based its cost estimate on expectations that existing diesel hydrotreating could be modified to produce adequate volumes of 15 parts per million diesel fuel, assuming that improved catalysts would be available; but such catalyst improvements have not been demonstrated and are beyond the realm of reasonable expectation.

NPC concluded that reducing sulfur substantially below 30 parts per million average was not likely to be practical with modifications to existing equipment. And ExxonMobil's substantial expertise in catalyst research supports this conclusion.

Certainly catalyst performance has improved over history, and we expect continued improvement. While some existing treating units might be able to be modified to achieve 15 parts per million max sulfur using some new catalysts, we don't believe that most units will be capable of this.

In our view, new grass-roots

high-pressure hydrotreating will be required if industry is to supply the volume currently demanded.

If EPA's approach of only modifying existing hydrotreating units were followed, there would be significant shortages of on-road diesel supplies.

The higher pressure treating with larger volumes of catalyst would be much, much more expensive than EPA estimates. Furthermore, there would be a limited number of manufacturers worldwide for the kind of high-pressure reactors and compressors that will be needed; and fabrication of this new equipment could easily be a limitation on the industry's ability to meet EPA's proposal.

And to what end? Respected experts in the vehicular engineering field suggest that already demonstrated vehicle emission reduction technology could provide about the same emission reductions from heavy-duty vehicles with a 50 parts per million diesel fuel.

But the sulfur level is not the only problem with EPA's proposed program. Implementation timing is a serious problem as well. Last December the EPA issued the Tier 2 rule requiring a reduction

in gasoline sulfur to 30 parts per million average in the 2004 to 2006 time frame.

Meeting this gasoline requirement alone will significantly challenge the petroleum industry. The NPC estimated about $8 billion of investment, and we agree with their analysis.

While this will be a significant challenge for the industry, it should be doable. However, layering another substantial investment for lower sulfur diesel directly on top of the gasoline requirement jeopardizes achieving either program.

The EPA proposal for diesel implementation effective April 1st, 2006 at the refinery layers the diesel investment requirements directly on top of the Tier 2 requirements. Based on construction resource studies performed by the NPC, this overlap will result in a demand on engineering and construction resources which is unlikely to be met; and some facilities will simply not be ready in time to meet the new requirements.

In addition to the excessive demand on engineering and construction resources, overlapping gasoline and diesel sulfur reduction will strain the resources of the agencies responsible for issuing construction and operating permits for the new and

modified facilities necessary to meet these requirements, as well as requirements for growing product demand.

The NPC identified, and we agree, that industry's ability to acquire timely permits is a major concern for implementing any major fuel specification program. Nearly every domestic refinery will need permits for new gasoline desulfurization facilities, and nearly every refinery will require additional permits for diesel desulfurization facilities. In addition, permits will also be needed to meet growing demands for gasoline, jet fuel, and diesel.

The increased number of environmental justice challenges to permits and the EPA's attempt to retroactively reinterpret New Source Review permitting rules both greatly complicate our ability to get new permits in a timely manner.

EPA requested comments on proposals for phasing in very low sulfur diesel as an alternative to requiring full marketplace conversion in 2006. On the positive side, such proposals recognize the reality that current vehicles will not receive any cost-effective benefits from the very low sulfur diesel.

So why should they have to bear the high cost of this ultra-low sulfur diesel?

Unfortunately, phase-in poses several significant challenges. Adding another unique fuel to the distribution system will require additional investment and operating cost throughout the system. For example, retail stations will have to add another tank and dispenser to handle very low sulfur diesel in addition to regular low sulfur diesel. This investment will have a very short economic life and place a huge burden on any company choosing to make it.

Many companies may choose not to make such investments, and the capacity and flexibility of the system will decrease. In fact, forcing another diesel grade into the system will decrease the supply reliability for other diesel products including off-road diesel and heating oil.

So let me recap. Our view is that the EPA proposal is a recipe for enormous marketplace problems. The required sulfur reduction is well below any cost-effective level for the existing diesel engine fleet. The early timing overlaps with the gasoline sulfur reduction. Permitting, engineering, and construction resources for

desulfurization will likely be inadequate. Therefore, necessary facilities likely will not be operable in time; and domestic producibility will be inadequate.

The EPA's investment and operating cost assumptions are based on highly optimistic thinking and are in need of some very serious and realistic reevaluation.

We strongly recommend that EPA reconsider the merits of the industry proposal for a 50 parts per million maximum sulfur diesel beginning no sooner than mid-2007.

Thank you.

MR. FRANCE: Thank you, Mr. Medley. The next testifier, Dr. Randall White.

DR. WHITE: Thank you for this opportunity to comment on the proposed rules. I'm here as a physician, not, in fact, even as a pulmonary specialist, primarily as a physician in practice and someone who has some knowledge of public health matters and as a concerned citizen.

The proposed limits on particulate and oxide and nitrogen emissions and diesel exhaust I think are the right step for the EPA to take to protect the health of the American people.

As a child, I can remember being puzzled that the big trucks and buses that rolled down the street would be putting black smoke into the air that I was putting into my lungs. You don't have to be a scientist or a doctor to understand intuitively that breathing black smoke isn't good for you.

And medical studies have subsequently confirmed this. Particulates that make the exhaust appear dark can enter our lungs, and the smallest of them can penetrate quite deeply into our lungs. And this does affect pulmonary function. For those with preexisting lung disease, it can in particularly be dangerous. And also these very fine particles that penetrate the most deeply can also affect cardiac function.

How they do that is not entirely understood yet, but in a study -- there are a number of studies about these issues. But in one study of six American cities with varying levels of air pollution, it was found that the risk of overall mortality was correlated with the concentration of the finest particulates in the air.

So my view is that any regulatory action to decrease the emissions of these particles would be beneficial.

The role of oxides and nitrogen increasing ground-level ozone is well understood, and we who own cars in the metro Atlanta area are required to take actions to ensure that our emissions are not excessive. In this regard, I think it's only fair that the trucking industry should be likewise.

Ground-level ozone is a significant irritant to our tissues and when taken into our lungs can cause acute inflammatory changes. This affects certainly those with preexisting lung disease and can even send such people to the hospital for treatment. And it also affects healthy people, although they may not have acute symptoms; but there is some evidence that with repeated exposure irreversible damage may result.

I urge the U.S. EPA to enact the proposed rule. A survey found that three-quarters of the public trust the EPA to set health-based air quality standards, and I'm confident that these proposed rules will be welcomed by the American people. And I'll certainly be pleased if my son doesn't have to wonder why trucks are permitted to put black exhaust into the air.

Thanks.

MR. FRANCE: Thank you. Greg Scott.

MR. SCOTT: Good morning. My name is Greg Scott. I'm with the Washington, D.C. law firm of Collier, Shannon & Scott.

We are privileged to serve as government relations and general counsel to the National Association of Convenience Stores, also known as NACS. NACS appreciates the opportunity to appear today to comment on EPA's proposed standards for diesel sulfur content.

NACS is a national trade association of more than 2,300 companies that operate over 60,000 convenience stores nationwide with some three-quarters of a million employees. More than 75 percent of NACS' members are classified as small businesses by the SBA. Over 75 percent of NACS' members sell motor fuels, and 40 percent of the member companies sell diesel fuel.

NACS represents the full spectrum of diesel fuel retailers in our country from the one-diesel-fuel-dispenser mom-and-pop outlet in small towns to the large truck stops and travel centers located on our nation's interstate highway system. Consequently, my testimony today will focus on the potential impact of the proposed diesel fuel

regulations on diesel fuel retailers.

NACS' membership also includes most of the nation's petroleum refiners that also market motor fuels. NACS has not taken a formal position either in support or in opposition to the proposed diesel fuel sulfur standard or the time table for its implementation. We believe the refiners are the best equipped to fully evaluate the potential cost and supply impacts of the proposed rule. In general, these are refinery issues and not retail issues.

However, NACS is deeply concerned and believes EPA should be deeply concerned about the potential impact of the diesel sulfur proposal on diesel fuel supplies in the nation. We urge EPA to consider the comments of our nation's refining industry carefully before finalizing the proposed rule.

Given the importance of diesel fuel to our nation's trucking and agricultural segments, EPA and the country's economy cannot afford to be wrong on these issues.

From the diesel fuel retailers' point of view, there are three primary concerns we have with EPA's proposal: 1, its potential negative impact on

our nation's diesel fuel distribution system; 2, the implications of a dual fuel approach to implementing the diesel sulfur standard on diesel fuel retailers; and, 3, the potential liability that retailers may face under the program and the defenses to such liability under the final regulations.

I will address each issue briefly in turn.

EPA's proposed a 15 parts per million diesel sulfur cap. NACS understands that most of the refining industry supports a 50 ppm cap. From the point of view of the diesel fuel retailer, each approach presents potential significant problems for our nation's diesel fuel distribution system. Simply stated, if either standard is finalized, our existing distribution system would be incapable of meeting the standard on a regular basis because of product commingling and product contamination as the product moves through pipelines, bulk storage terminals, and tank trucks.

On-road diesel fuel is transported from the refinery or import location through pipelines or on barges, is stored in bulk tanks, and is transported from bulk storage to retail in tanker trucks. That's simplified, but that's a general

statement.

Unless each of these facilities is cleaned immediately prior to the introduction of the ultra-low sulfur diesel fuel, whether the standard is 50 or 15 ppm, residual sulfur clinging to the walls of the pipeline, tank, or container will contaminate the product. In addition, for pipeline shipments, the transmix cut will of necessity be much larger to prevent contamination due to commingling of ultra-low sulfur diesel fuel with other products, other higher sulfur products.

If EPA intends to mandate the complete segregation of ultra-low sulfur diesel fuel from all other products throughout the distribution system, then our nation's distribution system will surely collapse. There is simply not enough dedicated pipelines, storage tanks, and cargo tanks or, quite frankly, retail tanks to meet this segregation requirement.

If it is not EPA's intent to require such segregation, then NACS has difficulty imagining how EPA's proposal will work in the real world without significant product contamination.

At this point NACS does not have a definitive answer to this contamination issue.

However, NACS strongly urges EPA to address this issue rationally before finalizing any type of final program.

In the preamble of the proposal, EPA has requested comments on a possible phase-in approach to ultra-low sulfur diesel fuel, perhaps permitting the limited sale of current low sulfur diesel in conjunction with the phase-in of the ultra-low sulfur diesel.

NACS strongly opposes the dual on-road diesel fuels proposal. Such a dual fuel approach would be unworkable for the vast majority of NACS members. Diesel fuel retailers would be forced to install additional tankage to handle a second on-road diesel fuel, tanks that under EPA's own proposal would not be needed within five years once the phase-in is complete.

In addition, it's difficult to see how our nation's distribution system will be able to assure that adequate supplies of each diesel fuel are available in all areas of the country without the significant problem of rolling product shortages or outages.

In the preamble, EPA has not even started to estimate the potential cost to retailers of such

a dual fuel approach; and we urge them to do so.

NACS supports those portions of the EPA's diesel proposal that would excuse diesel fuel retailers from conducting every batch testing of diesel fuel deliveries to check the sulfur level. In addition, NACS supports those portions of the rule which would permit a retailer to establish a potential sulfur level violation defense through specific documentation of the product delivered to the retailer's outlet.

NACS urges EPA to resist any suggestion that retailers be forced to sample and test every batch of diesel fuel delivered. Such testing would be enormously expensive and in most cases would duplicate the testing already conducted upstream.

NACS appreciates the opportunity to present these comments on the proposal. The association will be submitting more detailed comments in writing prior to the regulatory deadline.

I would be pleased to answer any questions my testimony may have raised.

One question I have is do you all want formal copies of --

MR. FRANCE: She would like one. Thanks

very much. Next testifier, Ronald Methier.

MR. METHIER: Good morning. I'm Ron Methier; and I'm chief of the Georgia Air Protection Branch and president of STAPPA, the State and Territorial Air Pollution Program Administrators.

I'm here this morning on behalf of STAPPA which represents air quality agencies, including my own here in Georgia, and the states and territories and on behalf of ALAPCO which is the Association of Local Air Pollution Control Officials which represents the air quality agencies in more than 165 major metropolitan areas across the country.

I'm pleased to have this opportunity to provide our associations' testimony on EPA's recent proposal to set more stringent emission standards for on-road heavy-duty engines and vehicles and to reduce levels of sulfur in on-road diesel fuel.

On behalf of STAPPA and ALAPCO, I'd like to commend EPA for its continued leadership in reducing air pollution from the mobile source sector. Your final promulgation last December of the Tier 2 motor vehicle emission standards and a national low sulfur gasoline program was a remarkable accomplishment that will benefit the entire country.

This month's heavy-duty engine and low sulfur diesel proposal is further demonstration of EPA's commitment to efficiently and cost-effectively reducing a wide variety of mobile source-related emissions to achieve meaningful improvements in air quality across the country. We apply this initiative and the systems approach which addresses both the engine and its fuel, upon which it is based.

We're especially pleased that the proposed heavy-duty engine and diesel sulfur program reflects the key recommendations made by STAPPA and ALAPCO over the past year and a half. This program is of vital importance to our memberships. For this reason our associations adopted, with overwhelming support, a resolution calling upon EPA to establish a stringent low sulfur diesel fuel cap to enable the introduction and effective operation of advanced technologies such as lean-NOx catalysts and adsorbers and particulate filters.

A copy of the resolution is attached to my statement.

We have placed the highest priority on participating in the rule development process and are proud that EPA has concluded that the most

appropriate strategy so closely mirrors what we have advocated.

As the officials with primary responsibility for achieving and maintaining clean, healthful air across the country, state and local air agencies are keenly aware of the need to aggressively pursue emission reductions from the heavy-duty mobile source sector which contributes substantially to a variety of air quality problems.

As EPA acknowledges in its proposal, by 2007, when the proposed engine standards would take effect, on-road heavy-duty engines and vehicles will account for 29 percent of mobile source NOx emissions and 14 percent of mobile source PM, particulate matter, emissions.

Under the control strategy EPA has proposed, however, by the year 2030, on-road heavy-duty vehicle NOx emissions would be reduced by 2.8 million tons and particulate matter emissions by approximately 110,000 tons.

These emission reductions, as well as others that the proposed rule would affect, will play a pivotal role in addressing a wide array of significant environmental problems that continue to pose both health and welfare risks nationwide,

including those associated with ground-level ozone; coarse and fine particulate matter; sulfur oxides; air toxics; visibility impairment; the acidification, nitrification, and eutrophication of water bodies; and global warming.

Based on the substantial contribution of heavy-duty vehicle emissions to air pollution and very serious public health and environmental problems, we have no alternative but to impose greater controls on these sources and their fuels and to do so in a truly meaningful way.

Further, because many of these vehicles constantly travel back and forth across the country, their emissions are ubiquitous. For this reason, regulation of the heavy-duty mobile source sector and of the fuels used by these sources must be done on a national basis, as EPA has proposed.

In the coming weeks STAPPA and ALAPCO will be providing comprehensive written comments on the proposal. Today, however, I'd like to focus my comments on a few fundamental issues related to heavy-duty diesels and their fuel.

The air pollution that comes from big diesel trucks and buses is not only among the most visible there is, it is also among the most

offensive. What is worse, however, is that the exhaust from heavy-duty diesels brings with it adverse health impacts that can be dire, posing a serious threat to public health nationwide.

Perhaps the greatest risk posed by heavy-duty diesels comes from their toxic emissions. Diesel exhaust contains over 40 chemicals that are listed by EPA and California as toxic air contaminants, known human carcinogens, probable human carcinogens, reproductive toxicants, or endocrine disrupters. In 1998 California declared particulate emissions from diesel-fueled engines a toxic air contaminant based on data that supported links between diesel exposure and human cancer.

Further, last fall the South Coast Air Quality Management District in Los Angeles, California released a draft final report, The Multiple Air Toxics Exposure Study in the South Coast Air Basin, or the MATES-II study, which included an analysis of the cancer risk in the region from exposure to diesel particulate.

Based on this analysis which estimated diesel particulate levels by using elemental carbon as a surrogate and applied a cancer potency factor

determined by the state of California, the South Coast concluded that of the cancer risk posed by air pollution 70 percent is attributable to diesel particulate emissions with mobile sources being the dominant contributor.

STAPPA and ALAPCO were alarmed by South Coast's findings. So this past spring, based on a tailored, more conservative version of the MATES-II methodology, we sought to extrapolate the evaluation of cancer risk from diesel particulate to other cities across the country and to estimate how many cancers nationwide are the result of exposure to diesel particulate. By applying a MATES-II-based methodology, we found that on a nationwide basis diesel particulate may be responsible for 125,000 cancers over a lifetime.

Now, let me be clear. This is not a precise number. Instead, it an approximation of a potential national impact of exposure to diesel particulate which we think highlights the need for swift and certain regulatory action.

Further, it allows us to estimate that EPA's proposal which includes a 90 percent reduction in particulate emissions from on-road heavy-duty diesels could prevent 35,000 of these cancers. We

cannot afford to forego this opportunity. And EPA, much to its credit, has issued a proposal that ensures that we will not.

STAPPA and ALAPCO congratulate EPA for responding to a serious environmental problem with an equally serious strategy that establishes rigorous emission standards for on-road heavy-duty diesels and a commensurately low cap on sulfur in diesel fuel, all within a time frame that will allow us to reap the benefits of this program beginning with the 2007 model year.

Although there are several aspects of the proposal with which we have concerns -- and we will offer recommendations to address those in our written comments -- the fact remains that the key components of this proposal are rock solid, and we support them.

With respect to the emission standards, we strongly endorse the levels EPA has proposed: a particulate matter standard of 0.01 grams per brake-horsepower-hour and a NOx standard of 0.2 grams per brake-horsepower-hour which are 90 and 95 percent cleaner than today's standards respectively.

However, although we're very pleased that

the PM standard will take full effect in 2007, we have concerns regarding this four-year phase-in period proposed for the NOx standard and will offer further discussion of this in our written comments.

Inextricably linked to the proposed engine standards is the issue of low sulfur diesel fuel. The ability of heavy-duty diesels to comply with these stringent emission standards that EPA has proposed is directly dependent on the timely nationwide availability of diesel fuel with ultra-low levels of sulfur. Without such fuel, the technologies capable of achieving such low emission standards will be rendered inoperable.

For this reason, STAPPA and ALAPCO vigorously support the proposed 15 parts per million cap on sulfur in diesel fuel to take full effect across the country in mid-2006 with no phase-in period. This provision of the proposal is absolutely essential. While an even lower cap may prove to be necessary, it is crucial that the final rule include a full, effective nationwide cap of no higher than 15 parts per million by mid-2006.

Finally, while nonroad diesel engines are not addressed by this proposal, STAPPA and ALAPCO view the control of nonroad diesels to be as

critical as the control of on-road diesels.

Further, we firmly believe that the technological advances that will occur in order to meet future, more stringent on-road heavy-duty diesel standards will carry over to nonroad equipment, but only if very low sulfur diesel fuel is available for this sector as well.

We're extremely concerned, however, that EPA may not be proceeding as quickly or as aggressively as necessary to develop nonroad diesel engine and fuel programs that are commensurate with the enormous contribution nonroad diesels make to air pollution. More must be done.

To this end, STAPPA and ALAPCO urge EPA to accelerate its program development strategies for nonroad diesel engines and fuels so that we can more effectively reduce the huge air quality and public health problems posed by these sources as well.

We recommend that EPA adopt engine standards and a sulfur cap for nonroad heavy-duty diesels and fuel that are equivalent to those for on-road heavy-duty diesels and in the same time frame. We urge the agency to use the 2001 nonroad technology review as an opportunity to significantly strengthen the nonroad diesel control program.

In conclusion, I thank you for this opportunity to provide the associations' preliminary perspectives on this important proposed rulemaking.

STAPPA and ALAPCO applaud EPA for seizing the opportunity to take an enormous step toward cleaning up the mobile source sector and achieving our nation's clean air goals. We commend your leadership in developing a technologically, economically, and environmentally credible approach for addressing on-road heavy-duty diesel engines and fuels.

Preserving the integrity of the framework that you have proposed is imperative to the viability of this program and, moreover, to the efforts of states and localities across the country to achieve and sustain clean, healthful air. Without it we cannot succeed.

In the coming weeks we'll be more thoroughly analyzing the complete proposal and developing comprehensive written comments on the many issues raised. STAPPA and ALAPCO look forward to working closely with the EPA as it continues to refine this extremely important program.

On behalf of our associations, I offer you our continued cooperation and partnership as you

move forward.

Thank you.

MR. FRANCE: Thank you. Next speaker, Lisa Stegink.

MS. STEGINK: Good morning. My name is Lisa Stegink, and I'm here today on behalf of the Engine Manufacturers Association. Among EMA's members are the principal manufacturers of the truck and bus engines covered by today's proposal.

As we sit here today, we are on the cusp, the critical turning point, of something spectacular. We have within our grasp the potential to dramatically reduce the emissions of the most fuel-efficient, reliable, and durable source of motive power available today and the backbone of our nation's transportation and delivery system.

The diesel engine can be as clean, if not cleaner, than any other power source. It is capable of meeting emission standards significantly below today's levels. And let me remind everyone that the emissions from today's diesel engines already have been reduced by over 90 percent. Yet we recognize that more, much more, can and should be done.

The key, of course, is to greatly reduce the sulfur content of diesel fuel. Future

reductions in diesel engine emissions are going to require much more than new engine designs and technologies. As EPA appropriately recognizes, future emission reductions require a systems approach involving the engine, aftertreatment, and fuel.

In a sense, the future of clean, low-emitting trucks and buses rests on a three-legged stool; and the stool will fall without all three legs in place. One of those legs, fuel quality, enables the technologies necessary to make the other two legs stand.

Without removing essentially all sulfur from diesel fuel, advanced NOx aftertreatment devices will not be feasible; advanced PM aftertreatment will be poisoned; and engines will be exposed to excessive wear, increased maintenance costs, and impaired durability.

I cannot emphasize enough the critical importance of ultra-low sulfur fuel. It enables substantial NOx and PM emission reductions, it provides direct PM emission reductions, and it provides benefits not just from new engines but from the entire fleet of diesel-fueled vehicles.

Improved diesel fuel also has a role in

responding to potential health effects concerns. Ultra-low sulfur fuel lowers the total mass of particulate from the entire fleet and enables the use of known aftertreatment technologies such as oxidation catalysts and catalyzed particulate filters which can reduce the organic and carbonaceous components of PM emissions, can reduce hydrocarbon emissions and enables technologies to reduce NOx which, in turn, will reduce secondary PM.

We applaud EPA for recognizing the critical role of fuel sulfur. We strongly support the need for a uniform, nationwide low sulfur fuel standard with a hard cap on sulfur content. Regional differences in sulfur content will not allow the systems approach necessary to meet EPA's very stringent NOx and PM emission levels.

Further, a hard cap on sulfur is critical. Averages simply will not work. They are difficult and impractical to enforce. Moreover, the engine and aftertreatment legs of the stool must be assured of never being exposed to high sulfur fuel.

In our view, 15 ppm does not go far enough, and fuel improvements should not only be limited to trucks and buses. Nonroad fuels also

must be improved.

We are aware of the various arguments raised by the oil industry against improving fuel quality. They don't want to reduce sulfur to 15 ppm, let alone to lower levels. Nationwide ultra-low sulfur fuel can and must be achieved; and it can be done cost effectively without undue economic harm to either the oil industry or to the trucking industry, the users of both our engines and the oil industry's fuel.

We will provide detailed comments on the need for ultra-low sulfur fuel in our written submission.

So today we are enthusiastic, excited, and hopeful about the future of diesel engines and our industry's ability to produce reliable, durable, fuel-efficient, high-performing diesel engines that also are as clean or cleaner than any other power source.

There are issues which will require a great deal of work by manufacturers and the agency, but it is no longer a question of if. Give us fuel improvements, sufficient time, compliance flexibility, and testing certainty; and tremendous emission reduction can be achieved.

Thank you.

MR. FRANCE: Thank you. Allison Kelly.

MS. KELLY: My name is Allison Kelly. I'm the clean air advocate for the Georgia Public Interest Research Group, and I will be speaking today in place of Rebecca Stanfield.

Thank you for giving me an opportunity to comment today on a rule with important and far-reaching implication for our nation's air quality.

It is a daily reality for most Americans living in urban and suburban areas to encounter thick black clouds of noxious diesel pollution and suffer the foul smell and taste, itchy eyes, sneezing, coughing, wheezing, and long-term health effects that are a direct result from breathing this exhaust.

In my time working on air quality issues for the Georgia PIRG, I know that our conversers who talk to those thousands of Georgians each year at their doors hear this story all the time.

It is common sense that cutting the pollution from these trucks will result in enormous public health benefits and will vastly improve the quality of life in our cities and suburbs. This

common-sense notion was supported by 87 percent of people in a recent poll commissioned by the American Lung Association.

Common sense in the case of diesel pollution is confirmed time and time again by the health studies showing that exposure to diesel pollution can lead to a range of systems from asthma attacks to premature death and lung cancer.

Based on over 30 epidemiological studies, we know that exposure to diesel exhaust can increase the risk of lung cancer by as much as 89 percent. Earlier this spring an association of state air regulators estimated that more than 125,000 cases of cancer in the U.S. are the direct result of breathing diesel pollution. Add to these 125,000 cases of cancer the following health impacts: thousands of American lives cut short annually due to fine particulate pollution, thousands of hospitalizations and emergency room visits annually for asthma and other respiratory disease, and millions of days of restricted activity annually for vulnerable populations.

It is to prevent these health impacts that Georgia PIRG strongly supports the proposed standards to reduce heavy-duty bus and truck

pollution.

Three key pieces form the cornerstone of the proposed standards and must be preserved at all costs if this program is to be effective. The first is the 15 parts per million cap on diesel fuel sulfur content effective by 2006. The second is the thousand grams per brake-horsepower-hour particulate standard effective in 2007. Finally, the third is the .2 grams per brake-horsepower-hour standard for the NOx and hydrocarbons.

Georgia PIRG supports EPA's proposal to cap diesel fuel sulfur levels at 15 parts per million effective in 2006. It would be an expensive exercise and futility to spend the next ten years phasing in advanced engine and afterburner pollution controls for heavy-duty engines only to allow these controls to be poisoned and rendered ineffective by the presence of sulfur in the fuel.

Given the ability of refiners to remove sulfur from the diesel fuel as evidenced by recent statements of support for the standards by two major oil companies, there is no reason to tolerate a scenario in which dirty diesel fuel damages or destroys these essential pollution controls.

Other observers have suggested

alternative caps and averaging systems. For example, the American Petroleum Institute suggests that a cap of 50 ppm would be sufficient. However, the consequences of setting a cap higher than 15 ppm include increased incident of particulate filter failure, deterioration of engine performance, poisoning of the NOx catalyst.

For the public, this means more pollution, more asthma attacks, more hospitalizations, more premature mortality, and more cancer. We urge EPA to reject this alternative.

Similarly, we do not support alternative proposals that would allow refiners to continue producing fuel at a level of 500 ppm sulfur for a fraction of their total highway diesel fuel volume. This approach or any other scenarios that would allow two or more grades of diesel fuel to remain in the market is sorely impractical. It would be nearly impossible to ensure that the two grades of fuel remain completely segregated throughout the distribution and refueling process. Inevitably, under this scenario, trucks equipped with sensitive advanced NOx and PM controls will fuel up with dirty diesel fuel and permanently damage or destroy their pollution control systems.

To the extent that these alternative proposals are designed to provide flexibility to small refiners, we believe this additional flexibility is unwarranted given the extremely long lead time of six years. Furthermore, these flexibility measures severely compromise the environmental benefits of the proposed standards placing too high of a burden on the breathing public.

EPA's proposal holds all new engines to a particulate matter standard of .01 grams per brake-horsepower-hour in 2007 but allows a four-year phase-in of the nitrogen oxide standard delaying full implementation until 2010. We believe that this unnecessarily delays the smog-reduction benefits of the rules prolonging the chronic smog problems faced by more than 117 million Americans who live in likely ozone nonattainment areas across our nation.

The urgency of our need to reduce smog-forming emissions cannot be overstated. At the end of 1999, we compiled smog monitoring data from every monitor across the nation and found that the health standard for smog has been exceeded more than 7,000 times. Moreover, according to a 1999 study by

ABT Associates, smog was the cause of more than 6 million asthma attacks, 150,000 emergency room visits, and 50,000 hospital admissions in a single summer in 1997.

We believe that all new engines should be able to meet the .2 grams per brake-horsepower-hour by 2007. The Manufacturers of Emission Controls Association and the association of companies who are most directly involved in providing the technology to achieve the standards agree that the technologies to meet the NOx standards will be available in 2007. Again, this hinges on the availability of clean fuel.

In a recent letter from MECA to Administrator Browner, the director of that organization stated -- and I quote -- we strongly believe that NOx adsorber technology will be commercially available in 2007 and any current engineering channels involved with this technology will be addressed provided that very low sulfur fuel is available.

Thus, we urge EPA to eliminate unnecessary delay and apply the .2 standard to all engines in 2007. Short of this, we urge you to shorten the phase-in period to a length of no more

than two years.

Georgia PIRG urges the EPA to reject the suggestion by some to include a technology review for the 2003 time frame. We believe that the review would be unnecessary given the high degree of confidence that clean fuels will enable rapid development of NOx emission control technologies.

Moreover, we see the proposed technology review as a disincentive to actually develop cleaner engines. Giving the industry an opportunity to escape from new standards contingent on their own lack of future progress in developing NOx control technologies is far too much like the fox guarding the henhouse. It should be remembered that this industry has a history of illegal actions to escape from pollution standards. In addition, one could view this technology review as little more than an opportunity to take advantage of the changing political landscape under a new administration and one that may be less committed to protecting public health.

To the extent that you find that a technology review is warranted, we urge you to ensure that it allows equally for the strengthening of the standard as well as for the relaxation.

While diesel engines are known as the workhorse of our present-day transportation system, it is important to acknowledge that far cleaner technologies are being commercialized. The promotion of these technologies including fuel cell, hybrids, and electric propulsion systems can lead to critical additional public health and environmental benefits.

We strongly support the inclusion of the Blue Sky Program to define a set of propulsion technologies and/or a set of lower emission standards for vehicles to be designated for receipt of incentives under subsequent local, state, or federal incentive programs.

Thank you.

MR. FRANCE: Thank you. I have one brief question for Mr. Medley.

As you know, in our proposal we picked a 15 ppm cap to use to enable traps in NOx adsorbers produce the reductions that we were projecting for the proposal.

In your testimony you mentioned the API 50 ppm proposal and also said that that would get essentially the same emission reductions.

Could you elaborate from a technology

perspective how that would happen?

MR. MEDLEY: I'll take a shot at it, Chet. I'm not a technology expert. I'll acknowledge that from the get-go.

I think the question is interesting given that your proposal is based on an enabling type of fuel specification and not any actual data that demonstrates that the technology you have in mind will achieve the standards that you've proposed for the vehicles with any sulfur level, be it 50 or 15.

There is data out there, as I understand it. I've seen some data that suggests that other technologies that maybe are a little more -- a little further along than the NOx adsorber technology can demonstrate very nearly achieving the NOx standard at a 50 parts per million fuel.

Particulate traps have been installed on retrofit applications in other parts of the world and have functioned well with sulfur levels up to 500 parts per million.

So I guess I would characterize the whole technology issue as one of a great deal of uncertainly, and I think that's the reason you have the technology review proposal in your proposed rule. I don't think anybody knows what technology

you can apply aftertreatment at this point in time to achieve the standard that you've proposed.

MR. FRANCE: I assume you're referring to NOx -- you mentioned traps. And there's substantial field experience on those devices. I'm more interested in your statement on NOx adsorbers, alternatives to NOx adsorbers. I was wondering what you had in mind there.

MR. MEDLEY: I think SCR and urea has been demonstrated -- it's probably the most demonstrated technology out there that actually has integrated the fuel and the system and the engine in something of a field kind of application, more of a real-world application. NOx adsorbers have not really had that kind of a field trial yet and even in their bench evaluations have come nowhere close to achieving the 90 percent reduction that you're looking for with fuels that have any -- I mean with no sulfur in them.

MR. FRANCE: I was curious. You mentioned SCR which requires urea, normally 1 gallon per every 25 gallons of diesel fuel. I was curious from Exxon's perspective how you would ensure urea was distributed throughout the country.

MR. MEDLEY: I don't think we have a

definitive answer that for. I would just say that urea is readily available. How we would distribute it and make sure that it was in the fueling locations and how it would be dispensed so that you could ensure that it was dispensed with the low sulfur fuel, those are things that we'd have to work out. But I think they're certainly doable. The technology, it's not a high-technology kind of issue, I don't think.

MR. FRANCE: Well, we would appreciate in your written comments any proposal that you would have on how that would be -- especially your cost analysis on supplying a complement like urea along with the diesel fuel.

MR. MEDLEY: Yes. It wouldn't be a no-cost solution. You're right. There would be some cost involved in setting up a urea distribution system and the cost of the urea itself.

MR. FRANCE: So to the extent that you could speak to that in your written comments as it relates to your proposal, we would appreciate that.

The other quick question I have -- on that question, I don't know if anyone else would want to comment on the technology question.

MS. STEGINK: From our perspective, the

one thing that is certain from EMA's perspective is that without the significant reductions to 15 ppm or lower, we aren't going to be able to get the significant emission reduction that EPA is looking for. 50 ppm is not enough to do it from both the PM and the NOx perspective for various reasons. We need the very low sulfur fuel to enable the use of the aftertreatment technologies to get it down to where the EPA is looking to go in the emissions.

Manufacturers have done a lot. They've reduced emissions by 90 percent. And while they may be able to do a little more in terms of reducing emissions than cylinder, to get significant further reductions, we have to able to use the aftertreatments. In order to use the aftertreatments, we need the sulfur reductions.

In addition, with respect to PM in particular, without the very low sulfur fuel for these traps, there are going to be significant maintenance problems, durability problems. Sulfur poisons the system. And also we know that there is a conversion when sulfur converts to sulfate and is emitted in the atmosphere as PM. And at a 50 ppm level, we know that that would actually exceed the PM standard as proposed by EPA.

That's essentially our thoughts on the technology questions that you're raising.

MR. FRANCE: Thank you. Mr. Scott, on the SCR issue on urea, what's your perspective on making urea -- putting in a distribution system and supplying urea at convenience stores, service stations?

MR. SCOTT: I'm not familiar enough with what would be entailed, if we're talking about a separate storage tank that would have to be blended at the pump or if it could be blended at the wholesale level. Certainly if it is a less expensive, you know, potential control device, we would certainly look at it. I'd be interested in knowing more about it.

MR. FRANCE: And, again, we would like some feedback from you in terms of assessment cost and what sort of implications it has for your member companies.

MR. SCOTT: I'll try to learn about it between now and August 15th.

MR. FRANCE: Okay. Thank you. One other quick request from Mr. Medley. You mentioned supply concerns. If you could submit also in your written comments any analysis that you have that addresses

that issue, we would like to read that analysis. Okay?

MR. MEDLEY: We'll be happy to do that. I believe there is going to be some analysis of that type. I think we've already got some of it in some of the discussions that were had prior to the actual proposal, but I'm sure there will be more.

MR. FRANCE: Okay. We appreciate that. Thank you very much. The next testifier is Representative Doug Keeper.

REPRESENTATIVE KEEPER: Thank you very much. I appreciate the opportunity to be here, and I want to welcome the EPA here. I want to thank you very much for giving the public in this area an opportunity to have input into the process.

As you all are -- well, first of all, let me tell you a little bit about where I'm coming from. My name is Doug Keeper. I serve in the Georgia House of Representatives. I've been in for 12 years now. I believe 10 of those years I served on the Natural Resource & Environment Committee.

My background, I got into politics by way of environmental advocacy through the nonprofit world; and in my private capacity, I'm chief executive officer of a company called Atlanta

International Consulting where I do some environmental consulting. I'm neither an engineer, nor a scientist; and I don't claim any particular expertise when it comes to air quality.

That being said, I can tell you that I have testified dozens of times over the years, both in the utility industry when it comes to clean air issues as well as other issues across a span of energy and environmental issues and different forums; specifically when it came to the utility industries, specifically electric utility. But I am vaguely familiar with the issues that we're dealing with today.

I'm coming to you to represent my district of 40,000 people right outside the city limits of Atlanta where we're in a crucial situation where we have a combination of effects that have impacted the metro Atlanta area.

Extraordinary growth in the last 10 to 15 years have put us in a position where we have added enumerable number of motor vehicles into the metro Atlanta area without a corresponding increase in the infrastructure to deliver those individuals to wherever they're trying to go, be it to work or to play.

That has created a situation in the metro Atlanta area where we have a terrible air quality problem and, as a matter of fact, are a nonattainment area.

I'm coming here today to urge you to adopt the strictest regulations possible. My constituency demands it. I think those of us in the metro Atlanta area -- and I'm not talking just from a constituent -- as an individual, but I believe the business community as well understands the need to preserve a quality of life.

There's a reason that approximately 100,000 people a year every year for the last ten years has relocated to the metropolitan Atlanta area. We provide a good place to do business, a good place to live. And, unfortunately, we are choking on our own success. And, therefore, I feel very comfortable today as someone who also has spent 12 years on the House Industry Committee who works very closely with the business community, understanding the need to move goods and products around this state.

I urge you to do everything that you can within y'alls regulatory ability to adopt the strictest standards possible so that we do not have

to be concerned about the health and welfare issues that diesel in particular have brought upon this metropolitan Atlanta community. And basically I just wanted to come here and express those concerns.

I appreciate, once again, y'alls efforts. Having been in politics for 20 years and as an elected official for 12 years, I understand the pressures that come to bear when it comes time to make policy decisions like this.

I also understand the cost to the business community. And I know that those people in the business community who I consult to when I have to advise them to do something that either, No. 1, means they have to meet regulatory compliance or, No. 2, it would be good for them as a company that's responsible to their community. We do the calculations of the cost, and quite often the companies I've been working with anyhow have decided that if it's the right thing to do and the community supports it, then they'll go ahead and make those commitments and commit those resources to do it.

I want to thank you very much for giving me the opportunity to be here today.

MR. FRANCE: Thank you very much for taking the time to share your views.

The next panel, Joseph Abrams, Sherrill Marcus, Hilary Carruthers, Janice Nolen, Jim Hinshaw. If you could write your names and affiliations.

Hilary Carruthers, begin when you're ready.

MS. CARRUTHERS: Okay. Good morning all. And I would like to thank you for allowing me to speak today. My name is Hilary Carruthers; and I live in Marietta, Georgia and I'm from Atlanta. I'm a recent high school graduate and I will be starting college in the fall of this year.

And right now I think that we must take action to stop this situation of air pollution within Atlanta and within the cities, the city limits.

As of right now there are 40,000 people who die prematurely from breathing soot pollution every single year. Diesel soot pollution has been linked to cancer by over 30 different scientific studies, and 125,000 cases of cancer are reported annually to the result of soot pollution. Obviously this is a very urgent issue right now.

I know we've all had the experience of riding behind a diesel truck on the highways or the

streets of Atlanta and having thick brown air puffed back at us and seeping through the windows and you smell it. It's like you have a moment in the air.

I do definitely agree with your proposal that we need to clean up the situation and that we need to test these trucks and buses as soon as possible.

Obviously we can look at the amount of smog days that we have every summer, and also this shows how much smog is in our air. The situation is absolutely horrendous. The amount of smog days during the summer create a situation when children cannot go out and play because of their young respiratory systems and when older people cannot go out and be in the air because their respiratory systems cannot handle it. And I see this as a serious problem because it creates a situation when our outdoors become a health hazard.

I definitely urge you to try to clean up the situation. I think anytime when you have a situation when 40,000 people die per year because of a certain cause that makes it urgent and means that it needs to get cleaned up as soon as possible.

I think that the diesel trucks within Georgia and everywhere actually should meet all the

emission standards. We must clean up this problem by making sure that the emission standards on these trucks are the right standards and that they will not emit so many pollutants and toxins into the air.

And I think that this problem should definitely be cleaned up by the year 2006, if not sooner than that, because, if we have five, six more years where 40,000 people are going to die every year because of this smog and the pollutants, I think that's absolutely unnecessary and just can't continue.

And I'd like to thank you for allowing me to speak today and wish everybody a nice day.

MR. FRANCE: Thank you very much for giving us your views, and good luck as you continue your education.

MS. CARRUTHERS: Thank you.

MR. FRANCE: Janice Nolen.

MS. NOLEN: Thank you. My name is Janice Nolen. I'm the director of program for the American Lung Association of Tennessee, and I'm here representing the American Lung Association of Tennessee.

As you probably know, the Lung

Association is the nation's oldest voluntary health organization; and for the last four decades we've been leading the way in the fight against air pollution.

We Tennesseans have never thought of our ourselves as living in a place that had much in common with Los Angeles, Houston, or even Atlanta. We pride ourselves on our very quiet lifestyles with good communities to work and to raise families. However, we now know that we do have one thing at least in common with those larger urban areas. We have really unhealthy air.

All but one of the 24 ozone monitors in Tennessee recorded violations of the eight-hour standards between 1997 and 1999. The one that didn't, the only one that didn't, came in at only 1 part per billion below the standard. At least three of these monitors were originally cited because they were in rural locations away from the perceived extent of urban air pollution.

State monitoring officials predict that if we had monitors in every one of our 95 counties every county would violate the standard. That's how pervasive air pollution in Tennessee is. There is no escaping it, especially for those most at risk,

like the 80,000 children we have in the state with asthma.

What was even more striking to me as a native Tennessean was how bad our air is by comparison to the rest of the nation. Tennessee's air quality is much worse than any of us had previously thought. Last month the Lung Association released the State of the Air 2000 report which used data reported to EPA to evaluate the relative air quality in metropolitan areas.

Tennessee had three cities ranked among the 25 smoggiest cities in the nation. Knoxville was No. 12, Nashville was No. 18, and Memphis was No. 23. The three largest cities in Tennessee ranked right behind the cities of Southern California, Houston, and Atlanta. Tennessee even had five counties ranked among the 25 smoggiest in the nation, four of which were in the Great Smoky Mountains/Knoxville area.

That bad air is taking a dangerous toll on Tennesseans. According to another recent national report, some 4,500 Tennesseans went to the emergency room in the summer of 1997 from respiratory problems caused by smog. Approximately 1,500 were admitted to the hospital because of smog

impairing their ability to breathe.

We are taking strides to clean up the air in Tennessee. We at the Lung Association have long urged the State to work aggressively to comply with the NOx SIP call. We've pushed TVA both in public and in private to clean up their dirty power plants. The commitments to reducing NOx will help improve the air quality in many places in Tennessee but not for the three worst cities: Knoxville, Nashville, and Memphis.

More must be done to have air in my state that doesn't make people sick. That's why I'm here today, to urge you to put these proposed diesel regulations into effect. We believe that we must make certain that all vehicles on the highways are as clean as they can be, and diesel should be no exception.

The key to this is capping the sulfur content of diesel fuel at 15 parts per million. We must have nearly-sulfur-free fuel to enable the other measures of reducing diesel emissions to take effect. In addition, it reduces the production of sulfur particulates to a point which will also help us meet the particulate standard.

We and EPA have been pushing TVA to

control sulfur in its fuel and emissions for years. It's time we made the same requirements for diesel fuels.

However, we cannot wait until 2010 to have full implementation. We cannot ask people to wait ten years to breathe easier. EPA must require all diesel fuels meet the 15 parts per million cap by June 1, 2006 and require all new 2007 vehicles to include control technologies using them.

We also support the concept of rewarding manufacturers who go beyond the mandates of this rule and create even cleaner alternatives. It's time to begin investing in the next generation of technology that can serve the role of diesel without the health and environmental impacts.

The American Lung Association of Tennessee strongly supports EPA's proposals. These measures are critical to the protection of public health and the environment.

Thank you.

MR. FRANCE: Thank you. Jim Hinshaw.

MR. HINSHAW: Thank you for giving me the opportunity to share with you. I'm straddling a place in the table. So if you don't hear me well, please raise your hand. There are too many legs

between me and the table is what I'm trying to say.

I have an opportunity I believe to share for two people today. I would like to read to you from a physician's statement and her testimony who cannot be here. Her name is Robyn Levy. And I would like to address the EPA and those who have come to the hearing.

Topic of diesel fuel particulate matter and respiratory disease. I am a practicing clinical allergist and immunologist and asthma specialist in the Atlanta area and have been practicing for the last ten years. I treat both pediatric and adult patients.

Over the past five years, I have noted increasing respiratory disease in both asthma and sinus disease among all age groups in my patients each summer, such that in previous years summer months were the quietest months of the year for my practice and are now some of the busiest.

I see more patients than ever before with new onset asthma in all age groups and many patients with new onset upper respiratory tract disease such as sinusitis and rhinitis than ever I have before.

Many patients move to the Atlanta area from other parts of the country less urbanized and

even from other countries and report onset of increasing respiratory disease including asthma and upper airway disease after their move.

This all sounds a little different from the politician I heard earlier saying we have a good place to move to. That's my quote.

Not only am I seeing this in my own practice, but respiratory physicians across America have similar concerns and observations in their own practices. Not only are we seeing logarithmic increases in the incidence of asthma and sinus disease across all ages and patient subpopulations, but we are seeing more difficult-to-control asthma requiring higher doses of inhaled and oral steroids than ever before.

It is not unusual for some of my patients, including very young ones, to require three to six medications per day to remain healthy. In past years many of my patients were able to discontinue their medications in the noncold and flu summer months. However, this has not been the case in the last several summers, such that more patients have taken more medications in the summer months and have had less holidays off of medications during these months.

In addition, I find numerous discussions, complaints, and requests for information from patients on a daily basis regarding difficulties in playing ball, exercising, and running outdoors in the summer months. These were not typical questions, concerns, and complaints I faced even eight years ago in my practice.

There is an increasing body of research being performed amongst allergy and asthma specialists in this country and worldwide on the issues of airborne particulate matter emanating from car and truck exhaust in regards to their effects on asthma and other respiratory disease. In particular, diesel particles have been implicated in several studies both in this country and abroad in issues of rising respiratory disease.

My personal observations in combination with my colleagues' similar observations and the growing body of research evidence undoubtedly implicate particulate matter from air pollutants and especially diesel exhaust particles as major concerns for the epidemic of asthma and other related respiratory disease that we are seeing here in Atlanta as well as other urbanized areas.

This is not a time for compromise in

these areas. Compromises in the past have led to our current situation which is far from optimal or even acceptable. Recognizing the considerable cost in the burden of healthcare dollars over future years, we have no other choice than to make the sacrifices now to ensure better quality of life, health, and containment of healthcare dollars in our future.

These issues are not the vague issues of future generations. These issues are occurring at such a rapid rate of prevalence and of severity that these are issues for ourselves in the not-too-distant future.

There are no other acceptable measures when it comes to the issues of diesel particles and particulate matter from pollutant sources. Even the most dramatic steps that we're able to take at this current stage will only provide us with small changes in the right direction. It is going to take dramatic changes over many years' time and in many different sectors to ensure a healthy quality of life in our population with regards to respiratory healthcare.

I remain quite concerned about the quality of life that continues to worsen each year

and that has had significant negative impacts upon the respiratory health of our citizens.

I invite any representatives from the EPA or any other industry to spend time with me in my office on any given day to examine the effects of air quality on my patients of all ages.

I appreciate your attention to these concerns and look forward to working with you to improve our quality of life through cleaner air. Sincerely, again, Dr. Robyn Levy.

MR. FRANCE: Thank you very much.

MR. HINSHAW: Thank you again for an opportunity for me to share with you. I come to you at a time when I think it's essential that I speak very quickly about how I choose to be here.

For a brief reading, I would share with you out of the Acts of the Apostles the 17th Chapter, Verse 24 through 31. And this is my own translation.

The God who created the world and everything in it and who was Lord of heaven and earth does not live in shrines made by human hands. It is not because God lacks anything that he accepts service at our hands. For the Great Spirit is the universal giver of life and breath, indeed of

everything. The Great Reality created humanity and determines our errors in history, the limits of our territory.

We are to seek God in the hopes that groping after our Creator we might find the source, the companion. Though, indeed, this one is not very far from each one of us, this one in whom we live and move and breathe and find our being. We are offspring. God commands us everywhere to turn around and change and follow the will, the way of the Master, the human one who has risen.

That's how I choose to be here.

I want to tell you a story about a man who at age 19 found himself in the battle of bulge. He had already blown up bridges prior to the Normandy invasion of World War II. He was freezing to death. He removed a frozen coat off a frozen body of a dead German. He was immediately captured by the Germans. At that point he was lined up with two other of his guys in his squad of paratroopers, 82nd Airborne.

MR. HERZOG: One minute remaining.

MR. HINSHAW: Thank you. Appreciate that. And at that point he watched them be shot. The next thing he heard was that he would be shot

the next day if he was not able to tell the Germans what they wanted to know. He killed a guard that night and approximately 30 years later related to me this story. That man was my father.

By the gift of what happens to you when you grow up on tobacco road and the free cigarettes given to servicemen, he learned to smoke; and he smoked until the doctors told him he had to quit. He developed emphysema.

And I come to you recognizing that five years ago, a little more, February 1st, he died probably because he had gotten into the eight-year period the physician is talking about here. He was breathing the air that we have up on tobacco road.

I'm here because I know that we need the big trucks to bring the groceries to Atlanta, and I think that we need to clean them up. I'm here because I know that we have to have the fuel that will make them efficient enough so that a little kid named Charlie that we heard about this morning in the press conference can get a decent breath. I mean he might not be in the quota that's supposed to die this year.

I know that the Supreme Court has tried. We're going to try and decide in the future whether

or not it costs too much to do this.

So what I invite you to recognize is that there was a man named Ezekiel a few years ago. He invited people to recognize that you can find the guts, the air, the wind to do what we need to do even if we're skeletons. By those bones we are called, I believe, to take on big oil and to take on our need to have the comfort that's nearly killed us.

MR. HERZOG: Excuse me, Mr. Hinshaw. Can we have your conclusion?

MR. HINSHAW: Thanks.

MR. FRANCE: Thank you very much for giving us your views today.

The next panel, Gary Boring, Michael Replogle, Dale McKinnon, Marie Valentine, Rick Wynn, David Piech.

(A discussion ensued off the record.)

MR. BORING: Thank you. I'm Gary Boring. I'm president and CEO of Countrymark Cooperative, Incorporated. And I would like to incorporate by reference the comments of Ron Williams who spoke on behalf of Gary Williams Energy Company and small refiners earlier in New York. And I concur with those comments that he made.

But I'm here this morning representing Countrymark Cooperative, Inc. We are an oil company but we are not big oil. Countrymark Co-op operates a 24,000-barrel-a-day refinery in Mt. Vernon, Indiana which is located at the southwestern most point of Indiana where the Wabash and Ohio Rivers converge. We have a 238-mile product pipeline conducting our three terminals in southern, central, and northern Indiana.

While we are a small refiner, we serve the fuel needs of approximately 65 percent of the farmers in Indiana. We are currently providing our refined products also to our members in Ohio and lower Michigan.

I continue to be amazed at the vision of the farmers of Indiana who back in the late '40s and early '50s had the foresight to construct our small refinery in the Illinois basin which at that time was an active oil-producing area producing far in excess of what we could use at our small refinery.

Through the years, as you can imagine, the production from the Illinois basin has declined to the point that it produces about 30,000 barrels of oil per day of which we consume approximately 24,000 barrels.

You should know that we do not own any crude oil and purchase every barrel that we consume at our refinery from an area within 100 miles of our refinery, and those funds directly benefit our local economy. Last month the amount we paid for that crude oil was in excess of $19 million. Much of that amount went to the local farmers who own the land where the wells are located. We use no foreign crude oil, and this further differentiates us from most refiners. We employ 315 people. We own no retail outlets.

As an agricultural cooperative, we are owned by our member cooperatives which, in turn, are owned by the farmers of the area they serve. We provide agricultural fuels to co-ops whose farmer members number approximately 200,000.

In the event we are profitable, we return a portion of our profits to our members; and they, in turn, return any of their excess profits they may generate to their farmer-owners.

The reason agricultural cooperatives were formed was to give the farmer a more level playing field in acquiring inputs. We feel we provide a very valuable competition in our trade area and that the farmers in our trade area would immediately

suffer higher fuel costs if we were not there to serve them.

We are very conscious of our environmental responsibilities and have upgraded our facilities to meet or exceed all current EPA regulations. We are most concerned about our future, as the current regulations under consideration are projected to cost far in excess of our ability to fund at this time.

Please understand that we are limited in the amount we can borrow against our assets and can support through the profitability of our operations. Our success is directly related to the farm economy; and, as many of you know, farmers have been in a recession despite the booming economy many others have experienced for the past few years.

We are unable to go to our members and farmers and ask them to help us capitalize the projects that will be required as the result of these new regulations.

Quite frankly, at this date we do not know how we are going to fund these new requirements. We are attempting to plan for the future, but it will be difficult to finalize any future plans until we know exactly how we are to be

treated in the formulation of these regulations.

There are several things which could be beneficial to Countrymark Cooperative and other cooperatives and small refineries in allowing us to comply over time with the new regulations. These are time, money, and reasonable standards.

I am not a technologically-oriented person. I have a legal background and was vice president and general counsel of Countrymark Cooperative before I became president and CEO. I'm going to tell you what I do understand about what we would need to stay in business after these regulations are promulgated.

Perhaps the most helpful thing would be to delay gasoline desulfurization requirements for us by two or more years if we make the necessary changes to comply with the distillate desulfurization regulations first. It would be most important that the gasoline produced during that time would not require special treatment, handling, or labeling during the interim period.

We believe that we need three to five years of additional time to assimilate the new technology which will be necessary for us to desulfurize our on-road products. Most of our

customers are purchasing high sulfur or off-road product, but we are uncertain what the introduction of ultra-low sulfur on-road products will do to our local markets.

One could not expect the engine manufacturers to manufacture engines for ultra-low sulfur fuels and high sulfur fuels long term. So even if we do get additional time, it may be that the market will dictate that we must desulfurize our products earlier to meet the competition.

We do, however, foresee that additional time for us to evaluate and prepare would be most helpful. We need assistance perhaps with a tax-based incentive that would give us the funds over time to do these projects. SBA.

has been very helpful throughout these last few months in attempting to find resolution to our financial problems. The problem is that the SBA is limited to $750,000 in lending; and we are currently estimating that the sum total of all of these projects, both gasoline and distillate, will exceed $25 million just for our small refinery. This exceeds the book value of all of our current refining and distribution assets.

As time passes, this technology will

become even more expensive. A government guaranteed loan of up to $50 million for small refiners may be the only way most of us could acquire the financing needed to make the necessary upgrades.

Finally, we had been discussing until just recently a proposed 50 parts per million sulfur level for the ultra-low sulfur diesel product. This is a 90 percent reduction from the current allowable levels. The additional funds required to make the incremental reduction from 50 parts to 15 parts is estimated to be about $2 million just at our small refinery.

We would request that you reconsider and go back to the 50 parts per million allowable level to give us an opportunity to purchase technology which we can more readily afford and which would reduce continuing operating costs.

Cooperative refineries represent less than 2 percent of the refining capacity of this country, but we account for 40 percent of the on-farm fuel use in the United States. And, as you will recall, in our trade area, we provide 65 percent of the agricultural power fuels used in our market area.

Please recall also that the original

purpose of ag. co-ops was to give farmers a level playing field in allowing them to benefit from the manufacture and sale of their own products.

I am passionate about this, as I live on the family farm where I was born. My brother, father, and I own the farm. My family has farmed this land for over 150 years. My father was a board member of our local cooperative for 50 years. I am a member of that local co-op.

Please give small refiners and cooperative refiners every consideration in promulgating rules that will allow our small farmer-owned refinery to continue to provide quality products to our region at a price which farmers can afford and to receive the profits which benefit them directly.

Thank you.

MR. FRANCE: Thank you. The next speaker, Michael Replogle.

MR. REPLOGLE: Thank you. It's a pleasure to be here today. Environmental Defense greatly appreciates the opportunity to comment on EPA's proposed emission standards for large diesel trucks and buses and for cleaner diesel fuel.

I'm testifying today on behalf of the

approximately 300,000 members of Environmental Defense who live in metropolitan Atlanta and in communities across the country who would get dramatically cleaner, healthier air than currently exists if this EPA proposed rule becomes final.

Massive amounts of diesel emissions that contribute significantly to fine particulate, air toxics, and nitrogen oxide, air contaminant levels, rank as very serious health and environmental problems both here and in other metropolitan areas.

EPA estimates that by 2007 heavy-duty vehicles will comprise nearly a quarter of the total NOx emissions inventory in Atlanta and 36 percent of the mobile source NOx emissions inventory as well as 16 percent of the urban particulate matter coming up into the air here in Atlanta.

There is overwhelming public support for EPA's proposed action. A recent public opinion survey found that 87 percent of the public, nearly 9 out of 10 people, agree that 18-wheeler trucks, buses, and other big diesel vehicles should be required to use the best available pollution control technology even though it will cost the owners of these vehicles more money.

While millions of Americans who work and

have family responsibilities are unable to attend EPA's public hearings, the tremendous broad-based support for EPA's action reflected in this survey must be counted.

The overwhelming support for EPA's initiative is not surprising. The largely uncontrolled exhaust from large diesel trucks and buses is dirty and noxious. Everyone in this room has memories going back to our childhood of breathing and choking on the black fumes from trucks and buses.

This pollution is ubiquitous and contributes to harmful air pollution across much of the Southeastern United States. This hurts our lungs, it harms our children, and it obscures our heritage, both environmental and cultural.

It's imperative that EPA finalize its proposed emission standard for diesel particulates to protect neighborhoods in the Atlanta metropolitan region and other communities across the country from the carcinogenic effects of diesel exhaust.

Numerous public health studies show increased lung cancer risks of 20 to 89 percent from diesel exhaust. Major state and national and international public health agencies have found that

diesel exhaust or particulates from diesel are probable or known carcinogen.

Compelling information suggests that minorities and the economically disadvantaged bear a disproportionate burden of this unacceptable public health risk. In March of this year, local officials in Los Angeles completed a study looking at urban air toxics and found that emissions of diesel particulates are responsible for 70 percent of the cancer risk associated with air pollution. Moreover, the study found that the greatest risk levels were in low-income minority areas of the city.

Based on this analysis, the State and Local Air Officials, the STAPPA/ALAPCO group, estimated that diesel particulates are responsible for nearly 2,000 cancers in the metro Atlanta region.

In taking final action on its proposal, EPA must issue the most stringent particulate emission standards feasible and no less stringent than .01 grams per brake-horsepower to help rid our communities of harmful cancer-causing diesel exhaust. It's high time we put the health of our children and those who have special susceptibility

to respiratory problems, as well as those who live in communities that experience significant truck traffic, first.

While Environmental Defense applauds EPA's proposed cuts in NOx emissions from large trucks and buses, we're concerned about the proposed delay in implementing the NOx emission standards. NOx emissions have increased by more than 15 percent since the advent of the 1970 Clean Air Act.

NOx pollution contributes to a variety of health and environmental problems here and elsewhere in the country, contributing to ground-level smog, short and long-term lung damage in children, asthmatics, and other vulnerable people. NOx is one of the major contributors to fine particles emissions that are also a major problem causing premature death, hospitalization, and emergency treatment among elderly and other vulnerable populations. NOx is a major contributor to acidification of forests, lakes, and streams. It contributes to urban haze, and in our national parks it obscures the beautiful views.

Large trucks and buses are one of the major contributors to this NOx air pollution problem. EPA projects that large trucks and buses

alone will soon comprise about 23 percent of the NOx air pollution in Atlanta. Therefore, we've got to focus on those trucks and buses if we're going to really deal with the smog problem here and if we're going to help clean up the forest health problems that afflict the beautiful forest of the Great Smoky Mountains.

Unfortunately, EPA is proposing unacceptable delays in the implementation of the NOx emission standards for large diesel trucks and buses. EPA has proposed to phase in the new standards between 2007 and 2010. Today's toddlers will be teenagers by the time these emission standards take full effect.

We've already missed the attainment deadlines here in Atlanta for smog. It's simply not tenable for EPA to put further delay in place on these kinds of critical NOx controls. For every single dollar that we invest in cutting NOx air pollution, we reap tremendous benefits for public health and the environment. Instead of postponing those benefits, EPA should require diesel engines to achieve full compliance with the NOx emission standards no later than 2007. This would ensure the huge multifaceted clean air benefits from NOx

pollution reduction can be more immediately realized.

Recent public opinion polls found that 69 percent of the public supports requiring cleaner pollution standards for large trucks and buses to be achieved in less than five years. The long delay is especially problematic since the proposed regulations say nothing about existing fleets. And over the next 7 to 11 years before the NOx emission limits are fully in effect, hundreds of thousands of new diesel engines will be built, sold, and used and will continue to spew pollution for decades to come.

Environmental Defense urges EPA to establish a cap on sulfur content of highway diesel fuel, no less than 15 parts per million by no later than 2006. Low sulfur fuel at this level is critical to achieving the kind of clean air benefits that are possible under this initiative.

At an estimated cost of 4 cents a gallon, this is a clean air bargain. One refiner has already voluntarily agreed to produce diesel fuel that meets this sulfur fuel specification in the Los Angeles region and is producing this low sulfur diesel fuel. If we can do it in Los Angeles, we can

do it here in Atlanta and elsewhere.

Industry tends to overstate the costs of regulatory compliance. The record of implementing the Clean Air Act shows this clearly. EPA is allowing six years for refiners to produce cleaner fuel, a longer phase-in period that will give the refining industry considerable flexibility in managing its compliance costs. Further, EPA's cost estimates are consistent with those of a refining industry consulting firm. We think that extending proposed low sulfur diesel fuel requirements to the nonroad sector will also help pave the way for enhanced emission standards for nonroad engines, another important source of NOx pollution.

So in summary, pollution from large diesel trucks and buses threatens the health of our children and our communities. It exacerbates the disparate impacts of our transportation system on low-income communities. There's a compelling air quality need to cut the harmful air pollution that comes from the exhaust of diesel trucks and buses.

We respectfully urge EPA to act expeditiously in completing this important rulemaking, to turn back calls for delay, and to put in place strong standards that will help reduce

environmental injustice and ensure that present and future generations will have clean, healthy air.

Thank you.

MR. FRANCE: Thank you. Dale McKinnon.

MR. MCKINNON: Thank you. It looks like I'm the last one who can say this, but good morning. My name is Dale McKinnon. I'm the deputy director of the Manufacturers of Emission Controls Association or MECA.

MECA is pleased to present testimony in support of EPA's proposed highway heavy-duty engine and vehicle standards and highway diesel sulfur fuel requirements. We believe an important opportunity exists to significantly reduce emissions from heavy-duty diesel engines by utilizing an engineered systems approach where we use advanced engine designs, advanced emission control technology, and very low sulfur fuel.

EPA's regulatory initiative recognizes the importance of this approach, and we believe its regulatory initiative constitutes a carefully crafted and balanced program. If finalized, substantial cost-effective emission reductions will be achieved and the age of a truly clean diesel engine will be with us.

MECA is a nonprofit association. We're made up of the world's leading manufacturers of motor vehicle emission controls. Our members have over 30 years of experience in developing and commercializing exhaust emission control technology. Along with this is a proven track record.

My comments today are based on our extensive experience and also our track record.

Today I'd like to outline MECA's position on EPA's proposed initiative. In particular, I'd like to focus on two aspects of the proposal; and that's the technological feasibility of the heavy-duty diesel engine standards and the need for very low sulfur diesel fuel.

We'll also be providing more detailed comments on the proposal in our written testimony.

Regarding the technological feasibility of the proposed standards, we believe the proposed standards can be achieved in a cost-effective manner within the lead time available, if very low sulfur fuel is available.

EPA identified two primary candidate technologies in its proposal, the first being catalyst-based diesel particulate filters for

control of particulate matter emission and the second being NOx adsorbers for control of the nitrogen oxide emissions.

Catalyst-based diesel particulate filters are commercially available today. All that remains is to optimize these systems for the specific engines. Currently over 20,000 systems on a wide variety of diesel applications are actually in use worldwide. The control efficiency of these systems and performance and durability are proven. In fact, in areas where less than 10 ppm fuel sulfur is being used, impressive durability has been demonstrated where excellent PM control after 600,000 kilometers of vehicle service has been found. With low sulfur diesel fuel, greater than 90 percent reductions in PM and toxic hydrocarbons can be achieved. In fact, PM emissions from these systems are nearly undetectable.

Regarding NOx adsorber technology, developing optimization of this technology is progressing at a rapid rate. Our members fully expect that with very low sulfur fuel this technology will be commercially available in 2007 for diesel engines. In fact, the prospect of this fuel being available in 2006 is already simulated an

increased commitment to move this technology forward on behalf of our members.

Our members see no barriers to the introduction and commercialization of this technology with very low sulfur fuel. There are engineering challenges, but these are engineering in nature. Substantial financial investments are being made because companies believe they will be commercially available.

Selective catalytic reduction mentioned earlier is an another NOx control option. It's currently being developed and should be commercially available on selected motor vehicles in the near future.

Why the need for very low sulfur fuel? Meeting a 0.2 grams per brake-horsepower-hour NOx along with the 0.01 grams per brake-horsepower-hour PM standards for 435,000 miles combined -- you know, using combined transient and steady-state certification procedures along with not-to-exceed requirements is challenging.

But we believe these challenges can be met. The goal of a truly clean diesel engine is possible; but in order for that goal to be possible, very low sulfur fuel is needed.

We continue to recommend a sulfur cap of 5 ppm; but with a cap of 15 ppm, we believe that strategies can be developed to meet the proposed emission limits. Specifically, with a 15 ppm cap, our members are extremely confident that all catalyst-based diesel particulate filter technology will be designed to meet the 0.01 grams per brake-horsepower-hour emission limit.

Our members also believe that NOx adsorber technology with a 15 ppm cap will be optimized to help meet the 0.2 grams per brake-horsepower-hour NOx emission limit over 435,000 miles using a combined transient and steady-state certification procedure with the not-to-exceed requirements.

On the other hand, with a cap in excess of 15 ppm, simply we doubt the standards are achievable.

In conclusion, we recognize that the proposed highway heavy-duty diesel engine and vehicle standards present real engineering challenges; but we believe these challenges can and will be met. The key to meeting these challenges is the systems approach which EPA has identified in its proposal. It will combine advanced engine designs,

advanced emission control technology, and low sulfur diesel fuel.

Our industry is committed to do its part to ensure that, if adopted, the engine and vehicle and sulfur requirements as proposed, the desired emission reductions will be achieved.

Thank you.

MR. FRANCE: Thank you. Marty Lassen.

MR. LASSEN: I'll take Dale's lead and say good afternoon. My name is Marty Lassen, and I am the heavy-duty diesel commercial development manager for Johnson Matthey.

Johnson Matthey appreciates the opportunity to testify at today's hearings. Johnson Matthey also fully supports the testimony of the Manufacturers of Emission Controls Association.

For more than 30 years, Johnson Matthey has provided catalytic solutions for controlling emissions from automotive, nonautomotive, and stationary sources. Johnson Matthey is a major supplier of diesel engine emission control devices for the worldwide light and heavy-duty diesel markets. Over this time, Johnson Matthey has developed cutting-edge technology to meet or exceed the requirements that have been dictated by the

legislative process.

Today Johnson Matthey continues to develop diesel engine emission control technologies that will meet or exceed emission level requirements such as those proposed for heavy-duty diesel engines in the year 2007.

One such technology is Johnson Matthey's patented CRT particulate filter. This technology is designed to attain particulate matter levels below 0.01 grams per brake-horsepower-hour from today's diesel engines. The CRT particulate filter has been commercially available in Europe for over five years and is now being used in the United States.

Another technology still under development is Johnson Matthey's NOx trap or adsorber technology which is designed to reduce NOx emissions from heavy-duty diesel engines by more than 90 percent. Preliminary data on our NOx trap catalysts indicates NOx emission reductions of more than 90 percent over the duty cycle.

Johnson Matthey believes that the technological challenges posed by the proposed 2007 heavy-duty vehicle standards are achievable. However, to achieve these results, ultra-low sulfur fuel is absolutely essential. Fuel sulfur levels of

5 ppm with a 15 ppm cap would ensure the lowest emissions levels possible with assured regeneration for the full 435,000-mile durability requirement. In fact, Johnson Matthey's CRT particulate filter technology meets the 2007 standard today for PM using ultra-low sulfur fuel. Additionally, Johnson Matthey's NOx trap technology has already demonstrated NOx levels approaching the 2007 standard.

Are there technological hurdles still to be mastered? The answer is yes. But Johnson Matthey is firmly convinced that with the availability of ultra-low sulfur fuel and the innovation that will occur over the intervening years, NOx trap catalysts will be a viable commercial technology for NOx control in 2007.

I'd be happy to answer any questions that you might have, and thank you for your attention.

MR. FRANCE: Thank you. Marie Valentine.

MS. VALENTINE: Good afternoon. My name is Marie Valentine, and I am here to speak on behalf of DaimlerChrysler on the subject of EPA's proposal to modify heavy-duty vehicle emission control regulations and on-highway diesel fuel requirements.

DaimlerChrysler is a vehicle manufacturer

of light-duty and heavy-duty vehicles that operate on gasoline and diesel fuels. DaimlerChrysler is a demonstrated leader in the development of environmentally-sound vehicle technologies. This is evidenced by our commitment to support the pursuit of tough emission performance goals.

Reducing heavy-duty emissions will aid in achieving the nation's air quality goals, and we stand ready to do our part. This is a logical follow-up to the Tier 2 light-duty vehicle emission regulation adopted last December. We agree that EPA needs to look at all pollution sources when determining a comprehensive emission reduction plan.

In our opinion, the combination of a low sulfur on-highway diesel fuel program with feasible, stringent new emission standards for heavy-duty engines and vehicles will assist in improving air quality nationwide.

We congratulate EPA for continuing to link vehicles and fuels, as was recently done in the Tier 2 regulations. This system approach is the only way to achieve the emission reductions envisioned.

We commend EPA's initiative to propose a 15 ppm sulfur cap for the on-highway diesel fuel.

This critical first step will enable the continued development and advancement of diesel emission control technology that is necessary if the heavy-duty industry is to meet the new proposed standards which reflect a 90 percent reduction in NOx and PM.

Sulfur is a poison that blocks the use of aftertreatment technology by rendering the hardware inoperable at today's 500 ppm level. The developers of the aftertreatment technologies have indicated that a very low sulfur level in diesel fuel is critical for the future development of these devices. The lower level will permit catalyst-based control strategies to be optimized for maximum emission reduction efficiencies.

Recent data indicates that sulfur-free diesel fuel is the enabling requirement for the use of NOx adsorbers, continuously regenerating technology systems, and selective reduction catalysts due to their sensitivity to sulfur.

Further information on this will be included in our written comments.

The world's engine manufacturers have defined sulfur-free diesel fuel, as specified by the Worldwide Fuel Charter, as the correct fuel to

enable the use of NOx and PM aftertreatment technologies where stringent emission standards are required. Therefore, the sulfur level in diesel fuel must be reduced to allow the use of aftertreatment technology as an emission control strategy for diesel vehicles as has been so successful for gasoline vehicles.

Let me emphasize that the proposed sulfur cap is only the first step needed for diesel fuel. A sulfur-free diesel fuel with a minimum cetane of 55 and a maximum 15 percent aromatic limit is ultimately necessary. This fuel composition would support the use of diesel fuel in the light-duty vehicle market and provide the benefits of reduced emissions and increased fuel economy -- another goal of the current administration -- while also maintaining customer satisfaction.

A diesel powertrain is an important option for passenger vehicles. Diesel vehicles could have a significant role in the reduction of fuel consumption by offering a 40 percent fuel economy advantage over gasoline vehicles on a miles-per-gallon basis. The sophisticated diesel vehicles currently in the European market have higher endurance, reliability, and torque which is a

desirable performance attribute.

On the emission side, diesel vehicles have inherently low hydrocarbon and carbon monoxide emissions, no evaporative emissions, and have long-term stability of emissions which will further be reduced with aftertreatment; but the enabling fuel is necessary.

We applaud the incentives by some oil companies to deliver clean diesel fuel to some localized markets in advance of the regulations. The lesson learned is that cleaner fuel can be made available and it is being done at an affordable price.

Should a phase-in of clean on-highway diesel fuel be found necessary, we encourage EPA to have it start in 2004. The oil industry has previously challenged EPA to make all known changes in one step, not two separate steps, so capital investment strategies can be optimized. Therefore, the 2004 start date suggested would link diesel with the gasoline sulfur control requirements by Tier 2 and allow light-duty clean diesel as a viable powertrain.

In conclusion, let me restate the key points of our message. First, EPA's proposal of a

reduced sulfur diesel fuel for on-highway is a great first step. Second, clean fuel packaged with feasible emission standards is the correct path to enable further reduction in emissions.

DaimlerChrysler believes that the diesel fuel as specified in the Worldwide Fuel Charter is necessary to enable low emissions and fuel-efficient technologies.

DaimlerChrysler is continuing to review the proposal and plans to submit written comments addressing other issues in the NPRM and expand further on our diesel fuel position.

Thank you for the opportunity to speak to you.

MR. FRANCE: Thank you. Rick Wynn.

MR. WYNN: Good afternoon. My name is Rick Wynn, and I manage the Fuel Planning, Quality and Regulatory Compliance for CITGO Petroleum Corporation, a major refiner and marketer of petroleum products in the United States.

I'm here today to represent both CITGO and the National Petrochemical & Refiners Association. NPRA is a trade association of virtually all large and small U.S. refiners and petrochemical producers.

We are deeply concerned about the impact of EPA's new diesel sulfur proposal. We do not believe that it is possible to consistently maintain needed supplies of highway diesel within the 15 ppm sulfur cap level. Although some refiners may be able to produce some amount of this diesel, many would be forced by its high costs to limit or forego participation in the highway diesel market. This would reduce supplies well below those available under a more realistic sulfur cap.

In addition, with the current logistics infrastructure, it would be extremely difficult to deliver highway diesel with a 15 ppm sulfur cap to consumers and maintain the integrity of the sulfur level of the product. This highway diesel must share a distribution system with other products that have significantly higher sulfur levels.

At the proposed 15 ppm sulfur level, a significant amount of highway diesel will have to be downgraded to a higher sulfur product due to product contamination at the pipeline interfaces.

With the enforcement at retail as opposed to the refinery gate, refiners will be forced to target their production to less than 10 ppm sulfur to account for test tolerances and reproducibility.

Additionally, we do not believe that the 3 ppm increase in sulfur that the EPA is predicting from the refinery gate to the consumer is reasonable. Realistically, refiners will be forced to produce on-highway diesel at a sulfur level less than 5 ppm which will increase the capital investment requirements even more.

In short, we view this proposal as a blueprint for future fuel shortages and severe economic impacts. It threatens to leave American consumers a legacy of scarce and unnecessarily costly energy supplies.

Throughout extensive discussions with the EPA, the refining industry suggested a more reasonable way to reduce diesel emissions. We favor lowering the current 500 parts per million diesel sulfur cap to 50 parts per million, a 90 percent reduction. This is a very significant step. It will enable diesel engines to meet the particulate matter standards sought by EPA and also achieve significant NOx reductions.

Our plan is still expensive. We estimate it will cost the industry roughly $4 billion to implement. But unlike the much more costly EPA proposal, this level of sulfur reduction is

sustainable. Most refiners would choose to make the more affordable investments needed to make a 50 ppm diesel.

On the other hand, under EPA's proposed program, only some refiners would invest in the expensive new hardware necessary to produce 15 ppm diesel. Many others would be unable to make the large investments necessary to produce this product. They would find other uses or markets for their current diesel output which will significantly reduce the supply of highway diesel fuel available and will create volatility in prices. More than 30 percent of the current supply of highway diesel could be lost until additional investments are made and new desulfurization capacity is built. This could take as long as four years.

Some refineries could likely go out of business. The proposed 15 ppm diesel is estimated to cost somewhere between $8 to $10 billion. This amount comes on top of the $8 billion in costs the industry is already incurring to implement EPA's gasoline sulfur program in the very same time frame.

A study that was released this week by the National Petroleum Council, a joint

industry/government body, concludes the industry will not have the capability to make these investments within this time frame and that additional time is required for the low sulfur diesel investments.

When a refinery closes, we lose its entire output: gasoline, diesel, jet fuel, and home heating oil. With the demand for petroleum products projected to increase, we as a nation cannot afford to lose any more refineries. Unfortunately, the agency is unwilling to make the major changes in its proposal which are needed to avoid supply problems and resulting price volatility.

The industry's warnings about this rule are well-founded. We at CITGO have some relevant real-world experience. In the EPA's proposed rule, our facilities at the Lyondell-CITGO Refinery were referenced as having a diesel desulfurization technology capable of producing the 15 ppm sulfur cap level.

We find based on our actual operating experience with this referenced technology the capital and operating costs are much higher at the 15 ppm sulfur cap than has been implied in the proposal, and the ability of the technology to

consistently produce below 15 ppm diesel is problematic.

The feedstocks to this revamped facility are 30 percent straight-run stocks from the crude distillation unit and 70 percent heavy-cracked stocks from conversion units. These heavy-cracked stocks are significantly more difficult to treat to the 15 ppm level. Our operating data shows that to consistently desulfurize to 15 ppm or below a significant portion of the cracked material must be removed from the feed, thereby reducing our diesel production by this amount.

Our first cost consideration is capital. The Lyondell-CITGO project to improve our diesel quality was completed in late 1996 and included the installation of the world's largest freestanding reactor. We increased catalyst volume in this unit from 40,000 pounds to 1.7 million pounds. The capital cost for conversion of this existing 50,000-barrel-per-day unit was $86 million. This includes $69 million for the process unit and $17 million for the supporting facilities. This is much higher than the $30 million revamp cost for a typical refinery processing light cycle oil as stated by the EPA.

Also, a simple retrofit is not possible on many units because most older, smaller units do not have sufficient reactor design pressures, the requisite high-purity hydrogen supply, a suitable fractionation system, or other hardware.

The second cost consideration is operating costs. The diesel sulfur level produced in the unit meets the 15 ppm sulfur cap at initial conditions at start of run. However, as the desulfurization catalyst ages, the reactor temperatures must be raised to achieve target sulfur levels.

There are limits to raising temperature -- equipment and product quality limits -- such as color. These limits establish the cycle life of the catalyst. At the proposed 15 ppm sulfur cap with 70 percent heavy-cracked stocks, the cycle life will be greatly reduced from current operation, closer to 8 months rather than 24. This significantly raises the operating cost by more frequent catalyst replacement and more frequent shutdowns. This also results in a loss of diesel production.

Under current mode the frequency of catalyst change-out is managed by reducing the

cracked stocks in the feed to the unit. The more frequent catalyst change-out to meet a 15 ppm sulfur cap raises the cost of diesel production by as much as 7 cents a gallon on our existing unit, this in addition to the loss in production due to additional downtime for catalyst change-out.

So you can see that what looks simple in theory doesn't always work in practice. I hope that the entire refining industry doesn't have to spend billions of dollars just to prove that our concerns about this rule are valid. This will happen, however, if we ignore the warning signs of an already stressed supply system and rush to implement a plan based upon little more than wishful thinking.

EPA argues that its extreme proposal is needed to enable heavy-duty engines to meet stringent NOx standards in the 2007-2010 time frame. Of course, that NOx standard was arbitrarily selected. It is considerably lower than NOx standards for the same period in Europe and Japan and is probably unrealistic. The $10 billion plan for 15 ppm diesel is largely based upon this arbitrary and unattainable target.

NPRA urges the agency to discard their approach in favor of the more practical and

sustainable 50 ppm diesel sulfur cap which the refining industry advocates.

Thank you very much.

MR. FRANCE: Thank you. David Piech.

MR. PIECH: Good afternoon. My name is David Piech. I am senior counsel for International Truck and Engine Corporation which, as many of you know, formerly was known as Navistar.

I am here today on behalf of Patrick Charbonneau, vice president of engine engineering at International, to discuss EPA's proposed model year 2007 emission standards for heavy-duty engines as well as the agency's proposed on-road diesel fuel quality requirements.

At the outset, International commends EPA for its landmark proposal to address heavy-duty engine emissions through a systems approach involving both fuel quality and engine technology. There's no question that diesel engine technology is making dramatic strides in emissions control. As we know, the availability of ultra-clean diesel fuel is a prerequisite toward meeting the challenging new emissions standards beginning in 2007. With clean diesel fuel, we can count on the advanced NOx and PM aftertreatment technologies needed to achieve

unprecedented emissions reductions.

For that reason, we are pleased that EPA is mandating fuel that will enable these technologies to be used on all heavy-duty engines.

International is investing hundreds of millions of dollars in the development of new technologies for all markets where our engines are sold. We are reinventing all of our engine lines through revolutionary engine redesign and development of advanced aftertreatment technologies.

Our technological breakthroughs will allow us to achieve unparalleled emissions reductions. Indeed, we are developing green diesel technology that, with clean fuel, has already demonstrated the capabilities of particulate filter technology to reduce hydrocarbon and PM emissions to levels that are at or below EPA's proposed standards.

In that regard, it's important to note that progressive oil companies already are making 15 ppm diesel fuel commercially available. These oil companies have earned recognition and our applause for their efforts to bring clean diesel fuel to the marketplace early.

With this ultra-clean fuel available so soon, International will commercialize its green diesel engine technology next year and thus achieve EPA's proposed model year 2007 hydrocarbon and PM emissions standards six years ahead of schedule. This is just one example of the impressive environmental benefits that accrue from a systems approach involving both clean fuel and clean engine technologies.

As a side note, I invite everyone to visit. We have an example of this technology downstairs on one of our buses. It's downstairs in the plaza. So please stop by.

I also commend the agency for its willingness to phase in the proposed NOx standards. We strongly support a NOx phase-in approach which underscores the challenges facing industry in meeting NOx control targets. EPA's proposal goes far in addressing these technological challenges, but we believe that even more can be done without compromising important environmental objectives.

In that regard, I am pleased to say that International, along with the Engine Manufacturers Association, soon will be presenting to EPA a new NOx phase-in proposal. Under this proposal there

would be a single NOx emissions standard for all engines in 2007. The NOx standard in 2007 would be significantly below the NOx standard applying to model year 2006 engines. Then, in 2010, the NOx standard would be stepped down to a new and significantly tighter NOx standard.

Importantly, this proposal will meet and perhaps exceed the agency's NOx reduction targets in this rulemaking, while at the same time providing manufacturers with needed flexibility to meet those targets. For these reasons, we believe that the agency will find this proposal to be a win-win for consumers and the environment alike and look forward to discussing it in further greater detail.

In closing, I wish to reiterate International's strong support for EPA's proposal to reduce diesel fuel sulfur levels which will enable the use of NOx and PM aftertreatment technologies needed to achieve the agency's emission reduction objections.

We look forward to discussing in our written comments these and other technical details of EPA's proposed rule.

I thank you for giving me the opportunity to present International's views today and would be

happy to answer any questions you may have concerning my testimony.

MR. FRANCE: Thank you. Just a couple of quick questions. We've heard a recommendation of a 90 percent reduction, 50 ppm cap as being sufficient, providing essentially the same reductions as compared to the 15 ppm proposal.

I open the question up to the whole panel, whoever wants to weigh in on it, what your perspective is on that proposal.

MR. PIECH: International has some experience on this. There really is a step function going from 50 ppm to 15 ppm as far as the emissions reduction capability. Specifically on the NOx adsorber, we understand that at 50 ppm NOx adsorber technology is only about 20 percent efficient. But when you go to 15 ppm, it becomes 90 percent or more efficient. And I know that MECA and Johnson Matthey can speak to this more. But not only with the NOx adsorber, also particulate filter technology is affected by the change in sulfur. And at 50 ppm, there are durability and longevity issues with that.

MR. WYNN: I might also point out that there's a big step function in going from 50 ppm sulfur to 15 ppm in terms of the type of hardware

that's required at the refinery and whether you can do a revamp or whether you have got to do a ground-up.

MR. MCKINNON: Dale McKinnon, MECA. I think a couple of things I would agree. For every diesel engine, every application in Minnesota, all climatic conditions, 50 ppm, you know, we have concerns about the reliability and durability of the filter technology. I think with the 50 ppm cap, I think you'll see our member companies stop investing in R&D and NOx adsorber technology quite simply.

MR. LASSEN: One additional comment on the PM level. With a 50 ppm cap, there is data that is out there from the DECSE report that indicates that a 15 ppm level is required in order to meet the 0.01 PM standard that is proposed.

MR. FRANCE: Thank you. Mr. Wynn, we had heard from an earlier testifier along with the 90 percent proposal that gives essentially the same reduction when SCR was highlighted as a technology for NOx reduction.

Do you agree with that?

MR. WYNN: Yes, I agreed with that John Medley from ExxonMobil said. And I, again, am not a technology expert in that area. I don't think I can

add anything to what John said. You know, as far as the industry and individual companies, we do have a lot of people working on this to provide in the written comments.

MR. FRANCE: And the same request I'll make of you. Well, let me ask you. Have you done any -- setting technology aside, have you done any cost analysis on the impacts of supplying urea on service stations or trucks?

MR. WYNN: No, we haven't.

MR. FRANCE: Do you plan on doing that?

MR. WYNN: We will look to either do that as an individual company or as part of the industry.

MR. FRANCE: Okay. We would appreciate that. Thank you. Any other questions?

MR. MACHIELE: Yeah, just real quickly. Mr. Wynn, you made statements in your testimony about the experience at your refinery and the difficulty in cost meeting a 15 ppm cap.

It was our understanding that the unit was designed to increase cetane and lower the aromatic content to allow the product to meet the diesel fuel specifications and not really designed to optimize --

MR. WYNN: Well, it's used in the same

sense that technology -- and y'all referenced this in your RIA. What we wanted to do is make sure that you understood that this technology that you're referencing was able to produce 15 ppm either has a very difficult time doing it or it's very expensive to do it.

Lester Wibourn of your staff came down and visited our refinery, and we spent a two or three-hour presentation with him. This was right before the rule was issued. So I don't know whether you've had a chance to get with Lester, but we made a pretty extensive presentation to him.

MR. FRANCE: We can follow up then. Some of the information he brought back indicated that aromatics was reduced from something like 30 percent to 10 percent and a significant improvement in cetane.

Is that --

MR. WYNN: That was the original. Of course, this was built back in '96; and it was not designed to produce a 15 ppm sulfur.

MR. FRANCE: We understand that. We were just highlighting it as an example.

MR. WYNN: Okay.

MR. FRANCE: Thank you for the

clarification.

MR. MACHIELE: I guess a little follow-up on that though, the unit wasn't really designed specifically for sulfur. It was really designed for processing large amounts of heavy-cracked stock.

Would that unit be typical of what refiners would follow up on if they were just to be focusing on sulfur control and not focus on expanding heavy-cracked stock?

MR. WYNN: I think we're looking at the same high-pressure reactors with enormous amounts of catalysts. I think the same problem would face any refinery.

MR. FRANCE: Okay. Thank you. Appreciate everyone's time and comments.

(A recess was taken.)

MR. FRANCE: First testifier, Elizabeth Pecoraro.

MS. PECORARO: Hello. My name is Elizabeth Pecoraro, and I'll be speaking on behalf of Jill Johnson or in place of Jill Johnson. I'd like to thank you for allowing me to speak today.

I'm a resident of Alpharetta and I work in downtown Atlanta. I'm hear to urge you to recognize the extreme importance of reducing

pollution from heavy-duty trucks and buses.

Clean air is essential to all life on this planet, and soot pollution is a major threat to our survival. Nationwide, 40,000 people died prematurely from breathing soot pollution. In Georgia, smog sends more than 5,100 people to the emergency room each year and causes more than 240,000 asthma attacks. We are literally poisoning ourselves with soot pollution.

It is urgent for me to fight for cleaner air so my children may have a chance to live in a world with clean air. The choice that my great-great-grandparents made affect me, my quality of life today; and I recognize my responsibility to future generations.

In order to ensure clean air for the future, we must require drastic reductions in pollution from large trucks and buses now. Knowing this, I was disappointed to learn that the EPA has proposed waiting until 2010 to fully clean up smog-forming pollution from trucks and buses.

Because high sulfur fuel will poison the new diesel cleanup technologies, we must ensure that all diesel fuel is fully cleaned up and readily available before the trucks are required to be

cleaned up.

In light of this, I urge you to first reduce diesel sulfur levels to no more than 15 parts per million nationwide for both on and off-road vehicle emissions by 2006. Secondly, I wish you would clean up all big trucks and buses by at least 90 percent by 2007. Third, ensure that big trucks are meeting the emissions standards on the road and not just during engine tests. Finally, I urge you to increase the use of diesel alternatives such as electric and fuel cell buses.

These measures are critical to the protection of the environment and a safe world for future generations. I hope you seriously consider them in your final decision making.

MR. FRANCE: Thank you. Clinton Bastin.

MR. BASTIN: Good afternoon. My name is Clinton Bastin. I'm a chemical engineer and live in Avondale Estates. I retired from the Department of Energy three years ago and now write about energy and environmental matters in partnerships for problem resolution.

My information with my testimony includes a recent letter published in the Atlanta Constitution about the adoption by the Russian

Ministry for Atomic Energy and Russian Nuclear Workers Union for partnerships for improved safety in Russian nuclear power plants.

Thank you for allowing me to testify.

The Department of Energy was created because U.S. citizens and their leaders recognized the dangers from overuse of fossil fuels. Major concerns were atmospheric pollution from all fossil fuels and diminishing supplies and increased imports of petroleum, our most precious fuel.

We believed that alternative, clean, and efficient energy technologies were needed, such as fuel cells, nuclear plants that used uranium more efficiently, and solar power. Others believed that problems could be resolved by use of emission control systems and increased exploration for oil.

Now, after expenditure of $500 billion by the Department of Energy and 25 years of worldwide exploration for oil, we have deployed almost no alternative energy technologies, we have found no more oil and are importing more at increasing prices, we plan phaseout of our least-polluting energy source, we use less energy-efficient automobiles, there are projections of catastrophic change to climates, and in metro Atlanta we have the

worst-ever pollution.

We should have had national energy policies as other industrial nations had. We should have taxed fossil fuels to encourage more efficient use as other industrial nations did. We did not, and thus move at an ever more rapid pace toward catastrophe.

We need energy policies including planned phaseout of most fossil-fueled buses and trucks on our highways. School buses, local buses, and delivery trucks and automobiles should use fuel cells. The bulk of freight and inter and intracity transport of people should be by electric rail. Most of our electricity should be provided by nuclear power plants that use uranium and other source materials more efficiently and avoid present problems with nuclear waste. Passenger ships and freighters like Navy ships should use nuclear power. Solar power should be used for heating water, our homes, and our offices.

In the meantime, I urge that the Environmental Protection Agency form partnerships with leaders and workers of the transportation and petroleum supply communities to develop best techniques for reducing pollution from use of trucks

and buses.

I wanted to conclude with the mention of the eight Es. Needed are reliable energy, clean environment, and a healthy economy. We can achieve this through education, energy efficiency, and engineering excellence. We will succeed as partners; we will fail as opponents.

Thank you.

MR. FRANCE: Thank you. John Keys.

MR. KEYS: Thank you. I represent MARTA. I'm the director of government relations for MARTA. That's the Metropolitan Atlanta Rapid Transit Authority.

MARTA is the seventh largest transit system in the nation. We are a bus and rail system, and we move over 500,000 folks per day. Those are people who would be otherwise probably -- many of them would probably be in single occupancy vehicles.

So we'd like to think that we are a part of the solution to our air pollution problems here in the Atlanta region.

Regarding our rail service, we have 45 heavy rail miles served. We serve the citizens of DeKalb, Fulton, and the city of Atlanta. We also

surround -- we serve rather citizens of surrounding counties as well. And that's evidenced by doing a real simple license plate count in our outlying rail parking facilities.

We're opening two new stations in the Perimeter Mall/I-285/Georgia 400 area in December of this year, and we anticipate significant increases in rail ridership beginning with that period.

Our bus fleet consists of 703 buses. They're mostly diesel. We are in the process now of -- we're committed to converting that fleet to nearly 100 percent compressed natural gas, CNG, over the next four to five-year time frame. That depends on the availability of federal and local funding. And when finished with this conversion, we will at MARTA have the second largest compressed natural gas fleet, bus fleet, in the nation, second only behind, ironically, Los Angeles.

Currently we have over 100 CNG buses. Again, we are in the process of acquiring to replace our existing diesel fleet. We have over 100 CNG buses currently. We've got about 100 to 150 in production right now. We'll take delivery on them by the end of the year.

We're also expanding our existing CNG

maintenance and fueling capabilities so that we can better serve the entire service area of MARTA. Specifically, we're talking about the eastern service area in DeKalb County. Due to the lack of fueling and maintenance facilities in that county, our CNG bus service is more limited in DeKalb.

We are committed to alternative fuels to help clean our region's air. Even the State of Georgia at this year's session is evidencing more awareness and interest under the leadership of Governor Barnes -- an interest in alternative fuels. We saw appropriation.

That doesn't sound like a lot, but we think it's a significant step. $2 million in state-generated revenues to help us acquire when leveraging federal funds about 65 CNG buses. So with that state money with an equal amount of MARTA local sales tax dollars, we'll be able to leverage about $16 million to help in our CNG bus conversion. We hope that this state interest in helping MARTA will continue years ahead.

Again, we are committed to alternative fuels; but we are still some years away in that regard. We're four to five years out from getting a complete CNG fleet, again depending on the

availability of those federal appropriations each year.

Meanwhile, regarding the proposed requirement to reduce diesel fuel pollutants by some 90 percent by the year 2010, we at MARTA state our support to clean diesel fuel. We support the proposed diesel fuel regulations and to any and all efforts to move our region and nation towards continued deployment of the use of alternative fuel.

We do appreciate the opportunity to visit with you, and I would be pleased to answer any questions you might have and commend your efforts in moving the nation forward.

Thank you.

MR. FRANCE: Thank you. Next speaker, O.T. Ford.

MR. FORD: My name is O.T. Ford. I am a citizen. I'm speaking as a citizen. But I certainly cannot thank a representative of a citizen. The best I can help to do is to refute the presumption of universal ignorance.

I don't dispute that my fellow citizens give our elected officials plenty of reason to believe that we are all entirely concerned with our own short-term economic interest. Our officials

obviously are convinced of this fact as shown by lavish spending on their constituencies and refusing to levy taxes of any sort which is an attitude that led to our enormous public debt.

The elected, of course, wheels ultimate power in our system. Our public officials hold a delegation of that power, including the power for appointment, administration, and oversight that will determine air pollution regulation. We have to suppose that those officials will be, as in the past, particularly swayed by arguments of short-term economic interest. And that is the only argument to be made against the more restrictive pollution control standards.

No one is going to claim that the environment -- or the state of public health depends upon it -- will be improved by the higher air pollution. The long-term economic cost of higher air pollution, particularly in the area of healthcare and its corollary of productivity, have not been, to my knowledge, disputed. What we hear stated and implied is that the more restrictive standards will force us to pay more for the goods and services in some way produced through the use of heavy-duty diesel engines.

Even supposing the cost to be high and recognizing the certainty that this cost will be passed on to the consumer, this debate is hardly over.

I want to note as a citizen that I and citizens like me find the alarmists' predictions of economic chaos not credible. Furthermore, the threat of increased short-term economic cost for goods and services produced using diesel engines is not ultimately persuasive. There are those who would rather pay more for the common good, in this case clean air and good health. Those things are worth a good deal more than calculated by the arguments against the proposed EPA's standards.

I am among those who can least afford to pay for cleaner air; but I refuse to take responsibility as a consumer, a taxpayer, and a voter for the misperception that all citizens are driven by economic selfishness or to take responsibility for the long-term consequence of that shortsightedness.

We will suffer more in the future if we do the minimum. I would rather pay now and take a share of the credit for the cleaner air and the better health that will result.

That's the end of my testimony.

MR. FRANCE: Thank you very much. Sherrill Marcus.

MR. MARCUS: Thank you. I'm Sherrill Marcus. I'm an organizer with the Southern Organizing Committee for Economic & Social Justice which is based in Atlanta and operates in the southeastern states.

The Southern Organizing Committee appreciates the opportunity to comment on the EPA's proposed emission standards for large diesel trucks and buses and related requirements for cleaner diesel fuel.

I come here not as a technician but one who works and interacts with persons across the South dealing with clean air issues.

I testify today on behalf of people of color throughout the area and particularly those who live in the metro Atlanta area which is a nonattainment area in dire need of cleaner and healthier air. We speak with the hope that the EPA will expeditiously move to finalize the rules that have been proposed.

Our organization has sponsored and supported many activities to attain cleaner air.

From bucket brigades being organized in local communities -- bucket brigades, by the way, is comprised of groups in the community, citizens, local community, citizens who are concerned about the air quality to the point that they would buy equipment to do air tests, have samples taken, tested in efforts to avoid having adverse impacts from that pollution.

We've also testified several times before state hearings on state implementation plans trying to get the most strict standards for air quality from both fixed as well as mobile sources for pollution.

Time and again we've seen the oil and trucking industry and other lobbyists prevail in getting exemptions from regulations on diesel fuel usage as well as equipment that use that fuel. This has resulted even while gasoline-fueled vehicles have been regulated tremendously here in Georgia. Particularly, we have seen successful arguments to curb diesel exhaust and emissions. Owners of gasoline-driven vehicles have been required to have their cars tested and proved.

We're very concerned about getting cleaner air. We think that these rules will get

it.

Diesel-fueled vehicles emit the dirtiest exhaust of vehicles in my opinion; and they travel our highways, both in metro Atlanta and across the country. Large diesel trucks crisscross the Southeast polluting our neighborhoods, cities, rural areas, and our bodies of water.

This causes harm, we believe, to our health as well as to the environment. Studies have shown that people of color suffer disproportionately from respiratory ailments resulting from air pollution. Our senior citizens and our children are harmed the most. And we believe diesel exhaust is one of the major contributors. In addition, numerous public health studies have shown increased lung cancer risks from diesel exhaust and other air pollutants.

For example, The Centers for Disease Control in Atlanta reported in 1992 that the asthma death rate was consistently higher for blacks than for whites. From 1980 through 1989, the period of study, annual death rate for whites increased by 45 percent while the death rate for blacks increased by 52 percent.

The American Lung Association's minority

lung disease data-1996 report on the percent of populations living in heavily-polluted areas showed consistent increases for minorities when four pollutants were analyzed. Those four were particulates, carbon monoxide, ozone, and lead. Whites had the lowest percents, blacks were higher, and Hispanics had the highest rates or percentages.

In 1998 the National Institute for Occupational Safety and Health classified diesel exhaust as a potential occupational carcinogen.

The asthma death rate for African-Americans from age birth to year four and young people from the ages 15 through 24 is six times those of white Americans.

Minorities and the economically disadvantaged bear a disproportionate burden of this unacceptable public health risk. Pollution from diesel-fueled vehicles threatens the health of our children and communities.

It is absolutely necessary to cut this air pollution, and we respectfully urge EPA to ignore the strong calls for exceptions from industry lobbyists. We support putting in place strong standards that will help reduce environmental injustices and ensure clean and healthy air for our

future generations.

Thank you for the opportunity to address you.

MR. FRANCE: Thank you. And thank you to the panel for providing your perspectives. Before lunch I'm going to try to fit in Flora Tommie.

MS. TOMMIE: My name is Flora M. Tommie, and I serve as the MARTA representative for the MATEC organization. That's the Metropolitan Atlanta Transportation Equity Coalition.

Our sole focus is on educating and organizing low-income communities and communities of color as to transportation and alternative transportation needs.

I come to you to speak today in regards to the EPA guidelines as a concerned citizen and also a representative of 150 severely physically disabled persons as well as to toughen the guidelines in regards to the air pollution.

Most people can come speak with no problems due to no asthma, no respiratory problems, no such measures. Unfortunately, I don't have that luxury anymore. And I can testify as to the people at my complex and myself as to the severity of the air pollution problem that we currently have in the

metropolitan Atlanta area.

I have had numerous visits to the emergency room due to the emissions, air pollution quality levels being so high that you will pass out literally. You cannot breathe.

I would like for the EPA and all of us to start addressing the issues of testing diesel fuel emissions. This is an area whereby the lobbyists are seeing that it is of no concern, and it is a major concern.

Generally everyone cited statistics on economics of the trucking industry. But no one cited the human cost of going to emergency rooms; paying for asthma treatments; paying for asthma medications; paying to change your whole lifestyle as to when you can get out, when you cannot get out because you have no control over being able to breathe.

This is something that everyone is guaranteed, a human right to at least have clean air. At this point in time we have not addressed this issue, especially in our nation, as a critical situation, which it should be.

We have more African-American children that are suffering with asthma. We have a high

number of asthma deaths in our community, especially here in metro Atlanta as well. We have no government assistance as far as the medication for these children to receive.

Currently we only have one project, hands-on Project, to deal with asthma in the metro Atlanta area; and it is a pity. That is a public health initiative by Southside Health to actually go out to the neighborhoods to assist the families when these children go into crises and try to stop the asthma crises and teach them about what types of days -- when it's safe for them to be out.

Most people sitting here at the trucking lobby are not of my color or skin tone complexion. They do not suffer the large numbers of our communities, and unfortunately we do have to face the issues of race as far as the African-Americans and Hispanic and Latino populations. That has not been addressed as far as the issues of reducing the diesel emission.

I am in support of our transit agencies being given federal funding to assist them with getting more clean air buses. The one thing in metro Atlanta and other urban centers is that no one has set this as a federal mandate, that clean air

has got to start now. We don't have any more years to wait.

As a child, I was there to see people who said that it would never work whereby we would have cars that could run at 27 to 30 miles per hour on any type of gas efficient fuels. That was proven to be a lie. It was said that there was no way to clean up the smokestack pollution. That was proven to be a lie.

So I'm asking EPA to closely look at the human cost rather than hearing the trucking industry say it cannot make upgrades to deal with the tougher guidelines. We all have to upgrade. Before my disabilities, I had to deal with computer upgrades and networks, software, all of that. It's a cost of living. You always change, and you have to get used to change.

But the one thing that we have to understand is that clean air is not something that you can just say you can wait on forever, because many of us have already died; and nobody should be having to take their child to and from hospitals all the time just because someone does not want to pay for clean air.

And that is what I'm here today to

testify to, to request that EPA goes ahead with those regulations and guidelines.

Thank you very much.

MR. FRANCE: Thank you very much. Thank you for coming out. We appreciate hearing your perspective.

We're going to take exactly a 30-minute lunch break. We will reconvene, my watch, at 1:45 exactly.

(A recess was taken.)

REPRESENTATIVE HARRELL: Hi. I'm Representative Sally Harrell, and I'm a Georgia legislator here. I'm going to talk very briefly because this is really not my area of expertise, but hopefully I can provide you with a little bit of inspiration this afternoon. Everybody always gets sleepy after lunch. So maybe I can arose a few people.

I brought with me my prop. This is little Joseph. Joseph is known as the legislative baby in Georgia because he was born on Christmas Eve, ten days before the legislation session started; and he spent his early months down at the capitol which he enjoyed thoroughly.

But I bring him as a symbolic reminder of

why we're here today, which is to make sure that our children have clean air to breathe.

Like I said, this is not my area of expertise. My expertise is more in children's issues and healthcare issues. However, more and more healthcare issues and children's healthcare issues are crossing over into environmental and air quality issues because of things like the extreme increase in the rate of asthma in children and air quality concerns that increase healthcare costs even into adulthood too.

The other reason I'm here today is because I held a hearing in my district. I represent part of North DeKalb County. I-85 kind of divides my district in half, and most of it is just inside the perimeter in the northeast quadrant of Atlanta.

I held a hearing, and was pleasantly surprised that my constituents are very concerned about this issue that we are debating today. What was voiced was that we're doing a lot with, you know, Mr. Joe Schmoe citizen in making sure that his emissions are kept under control; but they wanted to know why aren't we doing more with trucks and buses.

And so in a way that's why I'm here today, is to represent those 36,000 people who want more done with trucks and buses.

I was very inspired on my way to this hearing because I got caught in a horrible traffic jam on I-85 going south. And I was just so pleased that I wasn't on 285 because there would have been many more trucks and buses and I would have been smelling the emissions in my car and my son would have been in the car.

Even at that, it's not fun to get stuck on 85 either; but it certainly did provide some inspiration for me on my way down here today.

So that's all I wanted to say, is that 36,000 people in my district in North DeKalb County want something done about this issue. And I commend the EPA for being here today to look at the issue.

MR. FRANCE: Thank you very much. I think your son has the record for being the youngest testifier so far. I have a few questions for him. David Moore.

MR. MOORE: I'd like to first thank you for the opportunity to be up here. I certainly appreciate the time. I'd also like to apologize. This is an extemporaneous address. I don't have

very many prepared remarks.

I think it's thoroughly appropriate that I'm sitting next to this young child. I grew up in Atlanta. I was born in Atlanta in 1975. I've lived here all my life. I went to school at the University of Georgia, lived in Athens for some time. I came back to live and work in Atlanta about this time last year and started getting migraine headaches. I couldn't explain why. Well, it's poor air quality.

We're obviously here discussing an issue that concerns everybody. We talked about poor air quality from any number of aspects, economic aspects. We've had various minority representatives down here.

I want to tell you something, ladies and gentlemen. We all have to breathe. You know, air, this is not an economic issue. This is not a demographic issue. This is something that affects everyone straight across the board. We all breathe. That's a fact. We need clean air.

We have an opportunity to do something about it. I'm up here to ask the EPA to please -- and I'll even say pretty please if I have to. I want you to enact the strongest measures possible as

soon as possible.

Now, we had an energy crisis in the '70s and had opportunities to investigate alternative fuels. We should be a lot further along than we are. I'm here because I will not let this child grow up to have migraine headaches the same as me. I want clean air. And you have an opportunity to do something about it, Environmental Protection Agency.

Now, we've heard from various oil representatives. I'm not out to antibusiness. I'm not out to get the big guys. I'm not out to get the little guys.

We heard various -- I apologize. I can't remember the fellow's name -- but various representatives of oil producers, oil refiners, that say well, don't make us do this, boo-hoo, it's going to cost us a lot of money. Well, look at other costs, the cost of asthma, the cost of healthcare. It's ridiculous. Things should not be so bad. And we are -- if no one else will say it, we are at a critical point. We are at a crisis. We need to do something and we need to do something now. So I'm asking you to take protective measures to clean up our air.

Thank you.

MR. FRANCE: Thank you very much. Thanks for coming. I'm going to try to fit in Julie Simon and company and Susan Grider and Allen Schaeffer and also Gwen Griffith.

Julie, whenever you're ready.

MS. SIMON: Okay. My name is Julie Simon and I live in the city of Atlanta and I drive a 16-year-old car right now but it does meet the current emission standards for automobiles. I'm also a walker and a bicyclist and a carpooler and a MARTA rider. And I feel like I'm doing my part to help with the ozone problem. I also insulated my attic and I do other things on building efficiency so that we use less electricity which also contributes.

During my walks and my bicycling and in the car and all these places that I go, I'm getting tired of breathing the black sooty air of these vehicles. It's really nice when I'm behind a natural gas bus. It's a lot better.

I think it's time that large diesel trucks do their part. We need tough standards, and we need them sooner rather than later. We need to make sure that the fuel that doesn't mess up the

engines is available as soon as we can. And I just basically want to support making sure that the diesel part of the picture is improved as far as emissions go.

Another thing I want to make sure is that the current vehicles are as clean as they can be. We've got new technology, new engines. We've got new fuels that we've been studying for years. A lot of technology is ready now. But we want to make sure that the current trucks and buses that are on the road are well maintained so that their emissions are as low as possible. Diesel engines run forever. So we need an inspection program to make sure that those on the road are running as best they can.

Some in the industry would say it's too soon, we want to wait, it's too costly. We've heard that argument over and over again. And it's been proven every time that it costs less than what industry says to do.

So with a lot of creativity, with a lot of working together, we can meet emissions regulations as soon as possible. The 2007 deadline makes sense to me. Obviously we have to have time to get the fuel ready.

Diesel vehicles are a small percentage on the road but they're a big percentage in terms of emissions; and it's time to take care of those emissions.

That's all I have.

MR. MACHIELE: Okay. Thank you for your testimony. And I'm not sure who has the record now for the youngest testifier.

MS. SIMON: Four and a half months.

MR. MACHIELE: Susan, would you like to go next?

MS. GRIDER: My name is Susan Grider. I am here representing myself. I'm also here representing my company, Arenir Solutions, which is a small little-known business incorporated a couple of years ago to take a look at health and environmental concerns and their related impacts.

I'm also here representing my neighborhood, Candler Park. I am the neighborhood environmental VP and I also serve on the board of the Watershed Alliance here in Atlanta that looks at water issues which can, in fact, be impacted by air quality issues as well.

I'm also here representing family members, neighbors, and friends who have died of

cancer or who are currently fighting cancer. And please bear with me, but I am representing family members who are not yet born who may genetically be at risk for cancer or other immune system failures associated with air pollution.

Again, my name is Susan Grider. I have a small company dedicated to isolating health impacts of current power provision models and business opportunities associated with alternative energy paradigms.

I was born in 1963 here in Atlanta, Georgia. However, as a native Atlantan, I have no interest in raising a family here due to health risks and am currently making plans to build a family outside of the Atlanta, Georgia area.

Of the three illness profiles I am aware of associated with fossil fuels and diesel, I am personally at risk in two areas.

Cancer: I have a personal history of cancer and have lost four people in my family due to cancer in the last 10 to 15 years. An additional case has surfaced in my family in the last couple of years.

Immune system failures: I have an extreme allergy to sulfur. I can drink one sip of

wine that is preserved with sulfides and suffer a migraine headache for three days. I am unable to exercise outside in Atlanta because of the sulfur dioxide in the air. I have an acute allergy to sulfur and sulfur dioxide which means I suffer intense migraines and immune system failures due to sulfur and sulfur dioxide.

I am not committed to raise a family in Atlanta given its small profile due to the potential genetic profile of my child who may potentially be at risk for cancer or sulfur allergies.

In addition to my personal and familial health risk, I am the environmental VP for my neighborhood, Candler Park. On my street alone which is approximately seven to nine blocks long, short city blocks, three cases of cancer have surfaced in the last two to three years, one of these resulting in fatality on Christmas Day, 1999.

On my street alone, at least five cases of cancer exist when preexisting cases are included. Of those five cases, four of these people are under 50 years of ages, two of these people are under 40 years of age. In addition to these five people, I am aware of another case of cancer two streets away from me of an individual who is under

50 years of age.

I am very concerned that these numbers may indicate a cancer cluster due to smog in the city of Atlanta.

I would like personally to challenge every research engine here today, including the EPA and particularly the fossil fuel folks, to thoroughly quantify and understand the health impacts of diesel and fossil fuels.

I have some information that I'll share with you from the National Biodiesel Board. Mutagenicity is the potential for the diesel particulate exhaust to cause genetic mutations to the DNA and gene cells of living organisms -- that includes us -- shortened life, birth defects, stillbirth.

Excuse me for talking about this next to you.

If you assume that the diesel risk level is equal to wine, that is the natural risk of regular diesel. The risk of biodiesel at 100 percent is equal to .064 which represents a 93.6 percent reduction in cancer risk. That's if you use full biodiesel. The risk of B20 which is a 20 percent solution is equal to .725 which represents a

27.5 reduction in cancer risks.

I hope that everybody can take those numbers home with them and consider them when they're thinking about cancer cases in their neighborhoods and in their families. That includes people who work in the fossil fuel industry as well.

I would like to suggest that, while I do support EPA efforts and efforts supported by executive order No. 13149 recently signed by President Clinton, I welcome a dramatic increase in efforts from the EPA, the Department of Energy, the USDA, and the Health and Human Services Division to truly apprise the public of short and long-term health-related impacts associated with diesel fuel and fossil fuels in general.

Finally, I encourage all health industry experts and proponents of renewable energy in this room or reading this transcript in the future to, 1, stringently and accurately portray the trade-off associated with short-term economic gains of the fossil fuel industry at the expense of human health and human life; 2, consider other examples in American history when an industry or an economic model has had power enough to secure substantive

economic gains at the expense of human health, human life, and civil rights; 3, consider these perspectives from an eminent, hard-business school scholar.

And I paraphrase. I'm sorry. I can't remember his name right now. The reason the railroads failed and cars and planes succeeded is that the railroads considered themselves to be in the railroad business rather than in the transportation business.

Perhaps the pertinent question here today is should the diesel and fossil fuel industry consider themselves in the fossil fuel business or in the fuel business in general which would include renewable and sustainable energy sources, such as biodiesel, which dramatically can reduce illness risks such as that associated with cancer.

Thank you very much.

MR. FRANCE: Thank you. Allen Schaeffer.

MR. SCHAEFFER: Good afternoon. Thank you very much for the opportunity to be here. My name is Allen Schaeffer, and I'm here on behalf of the Diesel Technology Forum.

The Forum is a new group working to enhance public dialogue with a wide range of

stakeholders, including the EPA, other government agencies and other interested parties, to explore a wide range of opportunities to reduce emissions from both existing and new diesel engines while recognizing the inherent benefits of diesel technology.

Diesel power systems -- that is engines, fuels, and aftertreatment systems -- that are the subject of today's hearing power our economy. From package delivery trucks to tractor-trailers delivering fresh produce from the fields to our neighborhood grocery store, they are the very centerpiece of our nation's supply and distribution network; but also much more.

In the age of the Internet and e-commerce, diesel power systems have taken on an even more important role facilitating the greatest economic expansion this country has ever seen, doing more work, moving more goods, and helping more businesses and people than ever before.

This proposal to reduce emissions and require cleaner fuels in new diesel trucks and buses starting in 2007 marks yet another milestone in the continuing improvement of diesel technology. New diesel engines powered with today's fuels emit less

than one-eighth of the emissions of engines built just over 12 years ago.

If adopted, the proposal currently under consideration could result in as much as a 90 percent reduction in emissions beginning in 2007; and that is on top of improvements already on-line for 2002-2004.

We support the direction of EPA's proposed rule that will result in lower diesel emissions and cleaner diesel fuel in 2007. We are especially pleased that for the first time EPA has used a systems approach in setting future fuel and engine standards, recognizing that both engines and fuel are part of an integrated diesel power system.

Whatever the outcome of the debate over how much sulfur should be allowed in diesel fuel, everyone agrees that lowering sulfur content, coupled with advances in diesel technology, will help improve air quality.

And while this hearing is focused on future reductions in air pollution, we should not lose sight of the tremendous progress that has been made in the past, in Georgia and the entire nation.

For example, in Georgia, a recent study on air quality shows that the state has made

dramatic progress reducing emissions that pollute the air; and that progress is projected to continue well into the next century. Between 1970 and 2015, total emissions in Georgia are expected to fall by over 2.8 million tons per year, cutting annual state emission totals by almost 40 percent.

What is most encouraging is that on a national basis overall criteria pollutant emissions have declined by 34 percent from 1970 to 1997. This reduction has taken place at the time the U.S. population has increased by 31 percent and the economy has more than doubled in size, the GDP growing by 114 percent in the same period.

How has pollution declined at the same time we have seen massive increases in manufacturing, construction, transportation, agriculture, and all the other activities that constitute economic growth?

The answer is that these activities have become cleaner at the same time that Americans are demanding more and more of them. We see the future of diesel power systems in both these trends. Diesel power systems have become much cleaner and through continuous improvement will become cleaner still.

Diesel power systems are an essential part of the quality of life that we enjoy today, providing the most efficient, economical and reliable power for whatever the need. It is a technology that is defined by innovation and continuous improvement.

Make no mistake about it. This proposal represents a significant technological challenge for engine manufacturers, exhaust aftertreatment suppliers, and fuel refiners that are members of the Diesel Technology Forum. However, we are confident that together we can build on our past progress and produce the cleanest, most economical, reliable diesel power system ever.

While this proposal deals with new technology going forward, there are many opportunities to address some important issues of the existing fleet mentioned by some other folks on the panel today.

Let me say a word about excessive smoke from diesel trucks and buses. When properly maintained, diesel engines do not smoke. Frankly, we wonder why only 13 states have programs today to inspect diesel trucks and buses for excess smoke emission. Georgia is not one of those states.

We challenge Georgia and the representative that was here earlier to take a serious role in improving air quality by enacting smoke emissions inspection programs. And we have the tools available to assist in that effort.

This March, EPA issued a retrofit challenge to retrofit 10,000 engines in the next two years. The Forum is pleased to be working alongside EPA in that effort. We're bringing together resources to identify engines in a wide variety of applications that might be suitable for retrofit and determine the feasibility of lowering emissions by adding exhaust aftertreatment systems, modifying engine emissions controls, and/or using cleaner diesel fuel.

We're very encouraged by the possibilities for success for this program which will include engines in a full range of applications from marine vessels to highway trucks.

In conclusion, members of the Diesel Technology Forum, while not taking a position on specific sulfur levels or other issues under debate today, support EPA's decision to take a systems approach to reducing diesel emissions. However the specifics of this debate are resolved, diesel power

systems are poised to deliver more of the efficient, reliable, and economical power demanded by the American people.

As leaders in technology and innovation, members of the Forum are committed to working with EPA, state governments, and other interested parties to continue improving diesel emissions and to take meaningful steps now to address concerns about the existing fleet.

Thank you.

MR. FRANCE: Thank you. Gwen Griffith.

MS. GRIFFITH: I want to add my thanks for the opportunity to speak with you today. I am Gwen Griffith. I am the executive director of the Tennessee Environmental Council which is a statewide organization in Tennessee that educates and advocates for environmental protection and public health.

I'm here today to add my voice in support of EPA's proposed regulations that will reduce diesel pollution through ultra-low sulfur fuels and the use of best available technologies. And I want to add my encouragement that this be done in the shortest possible time frame.

My perspectives on this issue come from a

variety of different roles that I have filled in my lifetime. First of all, I am a veterinarian with 20 years experience in both small and large animal medicine. As a medical professional, I can tell you that air quality has impacts not only on human health but on animal health as well.

There have been many eloquent speakers about the human health impacts, and I won't repeat those messages; but I would add to that that you should understand there are impacts to animal life, wildlife, and ecosystems that we all depend upon. One only need to look at the soaring rates of asthma not only in people but in animals to know that this is the case.

Two species of animals are particularly harmed by air pollution, and that would be our horses and our domestic cats. Allergies and asthma are increasing in the dog and cat population in a rate that's similar to that in people. As a veterinarian, I have also seen asthma, sinus disease, rhinitis, and allergies in my patients as well.

And this is true in the horse population as well. Horses have a disease called COPD or chronic obstructive pulmonary disease which is very

similar to an emphysema-like disease in people. And the horse populations that are most susceptible to diesel pollution are those that live and work in the city. Those would be the police horses, the carriage horses, racehorses in the urban areas, and in Tennessee the horses that work with the park rangers in the Great Smoky Mountains National Park. These horses have difficulty with the air quality as well.

Already this year in the Smoky's we've had red alert ozone days that have exceeded and come earlier than ever before. Last year there were 52 unhealthy ozone days in the state park or in the national park, and we're going to beat that this year unfortunately; and that's a record we just as soon not break.

One of the outfitters that uses horses in the park has already reported to us that they had to turn away customers this year because the air was too unhealthy to exercise their horses. And so they had to turn down business. Imagine what that means to the hikers and visitors to the park if they don't even want to exercise their horses in this air.

This means economic impacts to the tourism industry which is extremely vital to

Tennessee. Not only are their health costs, but there are recreation and tourism industry costs as well.

My second perspective on this issue, of course, comes as my role as director of the Tennessee Environmental Council. And in that capacity I speak for its people, its animals, and its wildlife habitat.

As you heard, Tennessee has three cities in the top most polluted -- 25 most polluted cities in the country; and that doesn't include the Smoky's which, in fact, have worse air on certain days than even downtown Nashville.

You've heard that every ozone monitor that we have in the state has shown exceedances at least some days out of the year. And this is in large part due to the heavy truck traffic that comes through our state. Tennessee with its central location and its very large warehouse distribution industry is a prime area of concern because of the heavy truck traffic.

The third perspective that I have on this issue is that of a daughter and a family member. I'm part of the baby-boomer generation with aging parents; and what that means is that I have two

parents, both of which suffer from heart disease.

Heart disease is directly connected to the air quality that we have to deal with. My parents are dealing with their disease well, but one of their therapies is to walk. Moderate walking exercise has been recommended for both of them, and they enjoy walking in their neighborhood and in nearby city parks. Unfortunately, there are too many days when they can't participate in this because the air quality restricts their activities.

They live near a major highway and a major interstate, and this impacts the air in their neighborhood on a daily basis. As a daughter, I worry about them; and I worry that these bad air days are incrementally reducing the number of days that I have left with them.

On behalf of the people of Tennessee, its animals, and its ecosystems, I urge the EPA to move forward with pollution prevention from diesel engines in the fastest possible time frame and the most stringent controls that are technically feasible.

In this effort to clean up our air, every segment of society has got to do their part. The diesel engine users have had a free ride up til

now. It's time that they step up to the plate. This shouldn't come as a surprise to them. They've known that they've been heavy polluters for a long time. They should have been preparing for this before now.

We know that they pollute far beyond their fair share with only 2 percent of the vehicles and then a very high percentage of both soot and the ozone coming from these vehicles.

I was amazed when I learned that one diesel truck can put out as much pollution as 100 cars. If indeed the prediction of another million diesel vehicles on the road means that the pollution is equal to 100 million cars on the road, that's truly unacceptable.

So we need two things to happen. First, we need EPA to stick to your guns and require a 15 parts per million sulfur limit on gasoline. And I would encourage this to be for both on-road and off-road vehicles. We've heard testimony about the problems with commingling of fuel. Well, it seems a no-brainer solution to just make the fuel have to meet one standard.

Secondly, we need this to happen so that you can use the most effective pollution control

devices that are out there; and that means using the low sulfur fuel.

Thirdly, I'd like to see this happen in the shortest possible time frame. I would encourage you not to use a phase-in approach but try to make this happen by 2007, because every day that this is delayed is another day that millions of children, elderly, and those with respiratory illnesses have to breathe bad air. And that's a price we can't afford to pay.

Finally, I'd like to see encouragement for the electric buses, the natural gas buses, and fuel cell trucks at every possible turn.

I urge you to go forward with your rule and make it as stringent as is technically feasible. I urge the transportation industry to step up to the plate and do the right thing. It's good for your family. Ultimately it's good for business. Those of you who do that will be more competitive than anybody else.

And in conclusion I would say that there is a public will for this rule. There is the technology for this rule. And, finally, when you look at society as a whole, it makes economic sense.

Thank you.

MR. FRANCE: Thank you, and thank you to the panel.

The next panel, Donzella James, Jim Williams, Ellen Shapiro, Robert Fletcher, Michael Ports, Richard Meeks, and Keith Gostafson.

Jim Williams, when you're ready.

MR. WILLIAMS: Thank you. Good afternoon. I'm Jim Williams, products manager for the American Petroleum Institute which represents all sectors of American's oil and natural gas industry.

Thank you for the opportunity to testify on issues of such importance to our members, to U.S. consumers, and to our nation.

API has already submitted a substantial and important amount of information to the agency as it developed its proposal. We trust that you will take this information and any additional information we provide into serious consideration.

EPA and our industry agree that sulfur content in diesel fuel must be substantially reduced. And, as you know, API proposed a 90 percent reduction last winter. Reducing sulfur in both diesel fuel and gasoline is key to continuing

the nation's impressive progress in reducing vehicle emissions.

However, we are concerned that the agency's diesel sulfur proposal which would reduce sulfur 97 percent risks too much by going too far too fast. We believe EPA's proposed rule will decrease the total amount of diesel fuel produced, falling short of satisfying clearly rising demand. The National Petroleum Council in a just-issued report on behalf of the U.S. Department of Energy calls the risk of inadequate supplies substantial.

Consumers need not face this risk. By adopting the 90 percent sulfur reduction we have recommended, the chances of disrupting diesel supplies would be greatly lessened, yet emissions would still be cut substantially here in Atlanta and across the nation.

We believe that a 90 percent reduction in sulfur is right. That is the amount the agency is requiring of gasoline sulfur and how much it said diesel sulfur content should be lowered in a press release last October.

Were EPA to disregard our 90 percent initiative and go forward with its proposed rule, a number of refiners will elect to make the requisite,

considerable investment to meet the rule. However, this is not the entire picture.

Total U.S. diesel fuel supply and demand are in reasonable balance. For investment-return levels and/or other reasons, a number of refiners will likely not undertake EPA's costly sulfur reductions, choosing to make other products instead. Yet other companies will end up producing less of the new diesel fuel than current capacity.

All these actions will have the effect of reducing overall diesel capacity and creating substantial supply and demand imbalances. Upward cost pressures on supply will be considerable.

Making the ultra-low sulfur diesel that EPA proposes will require huge refinery investments, closer to 8 billion than the 4 billion the agency has estimated. The difference can be explained by the failure of EPA to adequately take into account the difficulty and expense of removing sulfur from all the refinery streams that will have to be used to make ultra-low sulfur diesel.

In addition to prohibitive investment costs, distribution problems are likely to affect supply. Refiners will have to move ultra-low sulfur diesel to market using common pipelines and storage

facilities, risking contamination of some of the volumes from the sulfur residues of other fuels using those same facilities, further decreasing available supplies.

The majority of America's goods move by truck, as should be obvious to anyone who drives on the highways in the Atlanta area and across America. We estimate that EPA's proposal could add about $2600 to the cost of a trucker's annual operations in higher diesel fuel costs. This does not include the additional cost of emission control hardware which could be several thousand dollars per truck, nor does it factor in the time and inconvenience costs associated with less readily available diesel supply.

Higher few costs could also hurt others, including businesses with small fleets of vehicles such as bakeries and nurseries, farmer-owned refineries and, ultimately, all consumers. We are very concerned that the needs of these core American businesses and the heavy-duty truck industry are being shortchanged at the expense of EPA's stated objective of providing growth potential for light-duty vehicles which, according to credible studies, may never be more than a small fraction of

the vehicle fleet.

Has the agency considered how consumers and others might be protected if supply and cost dislocations come to pass?

A waiver certainly wouldn't be practical because it would expose new trucks to higher sulfur diesel fuel which, according to EPA's own assessment, could damage the emission control equipment needed to meet the proposed diesel exhaust standards.

In the near term, increased imports probably wouldn't be able to fill the big gaps because few foreign refiners will be making the same diesel. And foreign producers have their own capacity constraints. Eventually U.S. or foreign refiners might expand capacity to provide additional supplies; but this would require installation of new equipment, a process that could take several years.

No one can predict with 100 percent confidence what might happen; but, given the volatility we've seen in the fuel market this year, are the risks described worth taking?

Keep in mind that EPA's NOx benefits do not appear until many years after initial implementation due in part to the phase-in

proposal.

Why did EPA not consider a more reasonable NOx standard that could be implemented sooner? How does EPA expect urban areas struggling to meet attainment deadlines in the 2007-2010 time frame to significantly benefit when the full effect of its program does not occur until much later?

According to a study by a well-known automotive engineering consulting firm, the most advanced vehicle emissions reduction technology that we know will work reduces emissions about the same with either fuel. EPA hopes that a different technology will be used, but it takes a leap of faith to support this belief.

According to the agency, this technology has not advanced to the field trial stage. And in preliminary laboratory tests sponsored by industry and government, it had not cut emissions to the levels EPA wants no matter how much sulfur was reduced.

Our misgivings about EPA's leap of faith are based on two historical facts. First, for the 1993 diesel sulfur regulations, EPA called for low sulfur fuels to enable the use of aftertreatment devices. The industry has spent billions of dollars

to supply the fuel; but low and behold, the aftertreatment devices that supposedly were going to be used never came into being.

Second, the last time EPA tried to force diesel emission control technology in its 1991 bus standard, the agency's chosen technology failed miserably on the road despite the fact that trap manufacturers convinced EPA that they could develop durable, cost-effective systems to meet emissions requirements in the time frame available.

And I've attached a copy of some correspondence, a fax sheet from EPA, to my testimony just as a reminder.

We strongly urge EPA to take the time needed to get this rule right the first time. The impacts run too deep and too broad for EPA to do otherwise. There are still many questions and issues that have to be resolved, and EPA must give them fair and appropriate consideration.

Why has EPA arbitrarily selected year-end to finalize this rule when there is much more time to get the rule right?

For example, to be implemented in 2007, this rule does not need to be finalized for several years. In addition, EPA has not even finalized the

standards proposed for 2004 yet. The 2004 rule raises several engine certification issues that could impact both the fuels and engine industries for 2007. Industry will need sufficient time to study those impacts in order to comment on the 2007 proposal.

We encourage EPA to carefully consider the concerns we have raised today. Cleaner air demands that we reduce diesel sulfur; and we have volunteered to do so by a significant amount, 90 percent. Too severe a reduction could result in unintended negative consequences for consumers and for the industry. With reasonable adjustments to EPA's proposed rule, we believe these can be minimized.

Thank you.

MR. FRANCE: Thank you. Ellen Shapiro.

MS. SHAPIRO: Thank you. Can you hear me? My name is Ellen Shapiro. I'm a director of automotive fuels for the Alliance of Automobile Manufacturers which is a coalition of car and light-truck manufacturers who sell more than 90 percent of the vehicles in this country.

Alliance members are in the transportation business, and our interest in this

rulemaking is to preserve diesel engines as a transportation option for the light-duty market. As EPA recognizes, they have inherent advantages for higher fuel economy, lower greenhouse gas emissions, and lower evaporative hydrocarbon emissions.

Diesel is one of the key technologies of the future. Considering the concerns about fuel supply that have surfaced in this rulemaking, EPA also should consider the potential overall fuel savings that would accrue if the auto makers are successful in introducing more fuel-efficient vehicles.

As we heard DaimlerChrysler state earlier, the PNGD program estimates that advanced diesel technology vehicles will achieve a 40 percent gain in fuel economy over today's gasoline vehicles.

Our members are working hard to advance the state of the art in fuel-efficient diesel technology so it will meet the Tier 2 standards adopted last year. But the most critical factor in this endeavor is the quality of the fuel, especially sulfur. That is why we applaud the EPA for taking this crucial first step toward enabling the next generation of diesel technology.

EPA has done several things right with this proposal. First, EPA treated the vehicles and its fuel as a system for both existing and future diesel fleet. This perspective is essential for today's sophisticated vehicles.

Second, EPA proposed to dramatically reduce sulfur to enable the new aftertreatment technology. Numerous research programs are showing how clean diesel can be. Recent bus demonstration programs show diesel buses with aftertreatment controls and clean diesel fuel are proving as clean as or cleaner than buses running on compressed natural gas. I believe there was a demonstration outside here today. This advancement is nothing short of remarkable.

Third, EPA has proposed to introduce the new fuel on a nationwide basis with a common deadline and very limited exceptions. This approach is necessary to prevent any high sulfur fuel from contaminating the sensitive new aftertreatment systems that will be used and will help ensure that trucks will continue to be able to deliver their goods throughout the country.

Fourth, the EPA has proposed introducing the cleaner fuel before the new aftertreatment

technology must be used on heavy-duty vehicles. And to the extent the new cap also leads to early introduction of near-zero sulfur fuel, it will encourage auto makers and their suppliers to continue investing in the light-duty option.

Does this proposal go far enough for Tier 2? Not quite. More needs to be done.

As much of a stretch as the Tier 2 standards will be for gasoline vehicles, there will be even more so for diesel engines. The fundamental problem, as EPA recognizes, is getting the vehicle system to meet both the NOx and the PM emission standards at the same time.

Sulfur free is the level that will allow diesel vehicles to operate at their cleanest throughout their useful life. That is why auto makers and engine manufacturers from around the world have endorsed this level in the recently updated Worldwide Fuel Charter which we have submitted for the record and is also available on our web site for those who are interested.

The Charter defines sulfur free as between 5 and 10 parts per million, to be defined further as more data becomes available. In this country, the stringent emission standards justify

adopting the lower limit. Emerging data from DOE's DECSE program support this view.

The Manufacturers of Emission Controls Association also continues to recommend 5 parts per million, notwithstanding its support for the proposed 15 ppm cap. Many people are assuming that the 15 ppm cap will lead to an average sulfur level of about 7 parts per million with most of the fuel having less than 10 ppm due to the expected refiner compliance margins.

We are less certain. Rather, we expect refiners will learn how to shrink their compliance margins; and this, in turn, will lead to more fuel about 10 ppm. And, in addition, there may be testing provision margins of a few ppm or more regarding what measurements are taken. So, in actuality, there could even be some fuel out there higher than 15, even though the fuel might meet the 15 cap. So this sulfur level in this range would seriously poison the new aftertreatment devices.

In addition to sulfur, EPA also should adjust other fuel properties as recommended in the Charter, especially cetane, aromatics, and distillation. And we will discuss these issues further in our written comments.

Is our position realistic? Are we asking too much?

We think that 5 ppm is doable. After all, refiners are making this fuel today in Sweden and elsewhere as others have testified.

Other countries are moving quickly to ultra-low sulfur levels. Just last year Germany adopted a tax incentive program to encourage fuels with less than 10 ppm by 2003. In May, the European Union announced its intent to pursue this course for all of Europe.

The key point is that refiners know how to make clean diesel fuel. Proper incentives and market demand will bring this fuel to market even faster than public estimates predict. We urge EPA to focus on its incentive package to encourage the marketplace, to make the new cleaner fuel widely available as soon as possible.

We understand the concern about supply; but we believe the fuel supply will be driven as much by profitability and other factors, not simply the cost of this regulation.

To the extent that maintaining low sulfur levels through the distribution system becomes a challenge, we believe in the collective

problem-solving capability of the free market system.

We've come a long way in the debate over sulfur. Just two years ago auto makers petitioned EPA to reduce sulfur in gasoline to California levels or lower. Today everyone accepts the critical role that sulfur plays in our national environmental policy. The issue is no longer whether to reduce sulfur. It is not even that near-zero sulfur levels eventually will be needed. Rather, it is when will they be available to enable the new technology.

For our part, Alliance members want to bring advanced technologies such as the turbocharged direct injection engines and hybrid electric vehicles described in our new brochure on advanced technologies to the point where they can operate cleanly and meet consumer needs.

The proposed 15 ppm cap on diesel fuel sulfur is a very strong step in the right direction towards providing the incentives to continue investing in this clean diesel technology. Diesel fuel quality on a par with the Worldwide Fuel Charter will actually make this technology one of our key options for the future.

Thank you.

MR. FRANCE: Thank you. Robert Fletcher.

MR. FLETCHER: Good afternoon. My name is Robert E. Fletcher, and I'm a member of the Sierra Club here in Georgia; and I appreciate the opportunity to make some comments this afternoon.

I strongly support more effective air quality standards and reduced pollution from heavy-duty vehicles and engines. If anything, EPA's proposed standards should be strengthened. Efforts to stop or weaken these standards should be opposed.

Some will argue that we can't afford stronger standards and that the U.S. economy will suffer if they are implemented. This is reminiscent of the dire predictions made before the enactment of the Clean Air Act in 1970.

In actuality, the results of this landmark legislation have been positive. A comprehensive analysis of the effects of the Clean Air Act between 1970 and 1990 shows that direct monetized benefits were $23 trillion and every dollar spent for compliance yielded $45 in benefits. Of course, air quality is now better than it would have been if the Act had not been passed.

Arguments against effective air quality standards are sometimes flawed because they fail to acknowledge all of the benefits that will be derived. In the case of the currently proposed program, nitrogen oxides, hydrocarbons, particulate matter, sulfur dioxide, and toxic air pollutants will be reduced; and all of these reductions must be taken into account.

Similarly, adverse effects caused by these substances will be reduced and must be considered. Resultant benefits will occur in the following areas: human health, agricultural crops, forests, other plant life, waterways, and entire ecosystems.

The need for a holistic approach to air quality is underlined by a quotation from Professor C.S. Kiang of Georgia Tech's School of Earth and Atmospheric Sciences cited in this newspaper article. Professor Kiang states we are going to have to look at our air quality problems holistically.

Air pollution from diesel-powered sources is becoming a more prominent factor. Accordingly, heavy-duty vehicles are more viable candidates for new controls in order to meet air quality goals.

New essential measures for light-duty vehicles will be an increasingly hard sell if the public perceives that there's a growing disparity between the requirements for these two groups of vehicles. Of course, solving the air quality problem requires a comprehensive approach that effectively reduces pollution from all major sources.

Reduction of diesel engine pollution will require advanced aftertreatment technologies such as catalytic converters. U.S. EPA and other authorities concur that low sulfur fuel is imperative to avoid the poisoning effect on pollution control components and consequent diminished effectiveness of the program.

Sweden currently requires diesel fuel with a limit of only 10 parts per million of sulfur. Contrast this with the current U.S. limit for on-road diesel fuel of 500 parts per million.

Reduced levels of sulfur in diesel fuel will also help reduce emissions from Tier 2 light-duty diesel-powered vehicles. Furthermore, it has been demonstrated that lower sulfur levels in diesel fuel extends engine life and reduces maintenance costs.

It is universally recognized that engine

components fail from time to time, and emission control devices are no exception. For this reason, it is imperative that the new standards be accompanied by a mechanism to ensure that installed devices operate properly and remain effective. Inspection and maintenance programs should be required nationally. This could be supplemented by remote sensing programs if they prove to be feasible and effective.

I specifically recommend that U.S. EPA, 1, reduce diesel fuel sulfur levels to no more than 15 parts per million nationwide for both on-road and nonroad diesels by 2006; 2, reduce emissions of ozone precursors and particulate matter from heavy-duty vehicles, including those powered by diesel engines, by 95 percent and 90 percent respectively with an effective date of 2007; 3, initiate action to establish the same standards for nonroad diesel engines; 4, specify that new emission standards be accompanied by effective programs for periodic inspection and maintenance to ensure that installed emission control systems continue to perform as designed; 5, establish and implement a national program for accelerated development and introduction of alternative fueled heavy-duty

vehicles such as those powered by natural gas, electricity, and fuel cells.

Thank you for the opportunity to present these comments.

MR. FRANCE: Thank you. Senator Donzella James.

SENATOR JAMES: Thank you very much. My name is State Senator Donzella James, and I'm honored to sit with so many distinguished environmentalists and professionals.

I represent the 35th District in the state of Georgia which includes metropolitan Atlanta. And while I am here today as state senator, I feel that it's important for me as a citizen to voice my concerns surrounding diesel fumes.

Any additional pollution in our already-dangerous atmosphere should concern all of us because it adversely affects our health and our overall quality of life.

In the district that I represent, we already have a nonattainment zone warning throughout metropolitan Atlanta and the other eight cities that I represent. That is unacceptable. We cannot even build new roads that we want to build, nor can we

build some of the new construction in our area because of this nonattainment zone that we're in.

In researching this issue, I have learned that, in spite of the efforts of so many corporations, state agencies, and private citizens to cleanse our air, our efforts are being negated by the petroleum and trucking industries, both of whom use diesel fuel for power.

The primary component of the diesel fuel, sulfur, is what causes our problems; and it is important that we rally to find low fuel means to produce the diesel fuel. If we don't, we're sure to find ourselves in even worse shape than we are currently in.

Here in the state of Georgia, over 5,000 people annually are treated in emergency rooms because of pulmonary disorders including asthma and bronchitis, not to mention the long-term effects such as emphysema and lung cancer.

In our legislature, the House and the Senate, in the past few years, we have lost legislators to emphysema and lung cancer; and those people never smoked. So they feel that it was the air quality that contributed to it.

In addition to astounding statistics in

the state of Georgia, the national statistics show that more than 150,000 Americans are treated for pulmonary conditions while more than 40,000 Americans die prematurely from serious conditions resulting from breathing pollution. We cannot afford those kind of numbers.

I cannot vouch for other cities in the state or across this country, but I can tell you that in Atlanta our children and our elderly are outdoor people. They play in their yards. They garden. They play outdoor sports. They walk for exercise. They patronize outdoor cafes. They support concerts at Piedmont Park, at Grant Park. And they walk to cut down on traffic congestion. They spend a considerable amount of time outdoors, and they deserve to be able to do so without the threat of illness.

I am frightened by the state of our environment, and I realize that we must work together as a cooperative community to eliminate the risk. Each private citizen must do his or her part by being aware of ozone alert days and by reducing his or her contributions to pollution, including how and when we drive as well as how and when we operate our lawn equipment, etc.

In the same vein, industry must be responsible citizens also. Currently vehicles that use diesel fuel contribute a little more than one-third of this problem. While new vehicle emission standards go into effect in 2006, it is critical that trucks and buses be held to a standard that will reduce sulfur levels now.

I support your proposal and ask that you not implement provisions that will allow for an extension past 2006, the targeted date. New trucks must meet the 15 ppm sulfur or we will not be able to meet the necessary pollution reductions.

In the Senate I have worked very hard to make sure that we have clean air, clean water, and even to reduce the solid waste treatment so that we will not have so many landfills and incinerators to pollute our air. Surely this is something that I would love to work for in the state of Georgia if we have to come to any kind of legislation.

I also ask that you ensure that diesel-powered vehicles continue to meet emission standards when they are on the road, not just doing emission tests, and that we continue to look toward increasing the use of advanced technology vehicles.

I hope the input you receive from all the

panels today will not fall on deaf ears. I hope that we can take the politics out. I understand the process. I know even at the state capitol that they think that the laws are made in the chambers of the House and the Senate. But many laugh about it and say they're made in the hallways and the golf courses, because I know that lobbyists have a lot of money and a lot of power. And many of them are responsible people, and I hope that they will be responsible when it comes to trying to lower the sulfur rates.

I thank you for allowing me this time to speak to you today; and if there's anything that I can do as a state legislator, then please call on me.

I have an emergency, so I'm going to have to leave. And thank you very much for listening to me.

MR. FRANCE: Thank you very much. The next speaker is Richard Meeks.

MR. MEEKS: Good afternoon. My name is Richard Meeks. I am vice president of planning and economics of Ergon, Incorporated.

I appear here today on behalf of Ergon and Lion Oil Company which is an Ergon majority

owned and managed company. Thank you for calling this hearing to solicit comments on EPA's proposed diesel fuel sulfur reduction regulations. I appreciate the opportunity to present Ergon's and Lion's views on this proposal.

While our company is a member of the National Petrochemical and Refiners Association from whom this panel has heard testimony, we sought this opportunity to present separate testimony to highlight the unique impacts this proposal would have on our company.

We generally agree with the testimony presented by NPRA but also want to assure you that you hear testimony from the individual companies that will be expected to comply with this proposal.

First, some information about our company. Ergon is a privately-held family-owned company headquartered in Jackson, Mississippi. In addition to other operations, Ergon either wholly or partially owns and operates three petroleum refineries.

Our Vicksburg, Mississippi refinery which has a capacity of 25,000 barrels per day of crude oil, currently chooses not to produce highway diesel fuel. However, this refinery's product slate may

change in the near future, in which case it would be directly impacted by EPA's diesel fuel sulfur proposal.

We acquired our Newell, West Virginia refinery from the Quaker State Corporation in 1997. This refinery has a crude capacity of 16,000 barrels per day and produces conventional gasoline and on-road diesel fuel as well as other products.

In addition, Ergon owns 51 percent of the common stock of and has 100 percent of the management responsibility for Lion Oil Company, an El Dorado, Arkansas refiner. The Lion refinery has a crude capacity of 55,000 barrels per day and produces conventional gasoline and on-road diesel fuel as well as other products. In addition, Lion has been in continuous operation since 1922 and has provided livelihoods to several generations of employees in South Arkansas.

Ergon is strongly opposed to EPA's diesel sulfur proposal because it mandates reductions that are too large and too costly over a time frame that is too short for my company, Ergon, to meet. The negative impact of EPA's diesel sulfur proposal on the future viability of Ergon's three refineries could not be more severe.

When combined with the costs, Ergon will be forced to shoulder in order to comply with the gasoline sulfur mandate. The costs of compliance with this proposal may stretch beyond Ergon's financial capacity. In short, it is not clear that the operations of our Mississippi, West Virginia, and our Arkansas refineries will continue if this proposal is adopted.

How ironic that the Lion refinery, saved from closure in the 1980s through much effort from then-Governor Clinton, could ultimately close due to a regulation from now-President Clinton's administration.

Ergon's situation is not unique, but our company does possess certain characteristics that adds to our vulnerability. Each of our refineries is small, particularly when compared to the mega-refineries operated by the major oil companies. None of our refineries produce more than 75,000 barrels per day of product. As a result, we cannot achieve the economies of scale in making equipment upgrades that the integrated refiners do.

And yet, because of the decisions EPA has made in the gasoline sulfur rule regarding the definition of a small refiner, Ergon's refineries do

not qualify for either the small refiner flexibility or the geographic phase-in program.

Consequently, Ergon is, in fact, stuck in the middle. We do not have the deep pockets of the integrated refiners to make these investments, and we do not qualify for regulatory flexibility because of our size.

Ergon suggests that EPA alter the proposal in two ways: 1, delay the implementation of the heavy-duty vehicle emissions standards for several years, perhaps until 2010; and then, 2, establish a 50 ppm diesel fuel sulfur specification instead of the 15 ppm standard EPA has proposed.

These twin actions will have several beneficial impacts. First, an extended implementation time frame will permit additional time for the development of sulfur-tolerant emissions control devices for heavy-duty vehicles. If the manufacturers of these devices believe they can achieve tolerance for 15 ppm diesel fuel by 2007, then there is no reason to believe that they cannot achieve tolerance for 50 ppm by 2010.

Second, a 2010 implementation schedule will assure that the investments that Ergon and other refiners are required to make do not occur at

the same time as the investments we'll be making for the gasoline sulfur reductions.

Ergon's pockets, unlike many of the integrated refiners, are only so deep; and Ergon's assets are only so bankable. Making our sulfur reduction capital investments sequentially, rather than concurrently, will greatly enhance Ergon's ability to make these investments.

Third, a 50 ppm cap is achievable for Ergon at approximately half the cost of a 15 ppm cap. If the diesel sulfur cap is set at 50 ppm, we believe it will cost us approximately $25 million to meet this standard. This is at only our Lion refinery. If 15 ppm is the cap, we estimate our costs will be approximately 50 million or double, if we can afford to make the investments at all.

Finally, this extended time frame would permit Ergon, a small refiner, to make its investments after, or concurrently with, larger refiners. As the proposal now stands, Ergon would be forced to make its investments in the 2001 to 2003 time frame because it is virtually assured that the sheer number of refiners will fill the calendars of the existing fabrication shops and qualified construction companies from 2004 through 2006.

Additionally, the lead time for permitting, even under EPA's fast track process, would force Ergon to begin the permitting process now, so far in advance of any start-up that the estimates for the process could be very suspect.

Consequently, even if EPA's suggested technology review shows that the emissions control devices will not be commercialized by 2007, Ergon will already have either undertaken the investments needed for a 2006 implementation date or made the decision to exit the on-road diesel fuel business by the time the conclusions of this review are made known to the public.

Ergon urges EPA to reconsider its proposal for diesel fuel. We and other refiners have offered a 90 percent diesel sulfur reduction. EPA has proposed a 97 percent reduction. With flexibility, Ergon and other refiners can supply clean diesel fuel. Without it, many mid-sized refiners like Ergon may not survive this second round of sulfur reductions.

Thank you for soliciting our comment on this proposal. I would be pleased to answer any questions you may have.

MR. FRANCE: Thank you. Michael Ports.

MR. PORTS: Good afternoon. My name is Mike Ports. I'm president of Ports Petroleum Company, Incorporated, a family-owned private company headquartered in Wooster, Ohio.

Thank you for calling this hearing today to solicit public comment on the Environmental Protection Agency's proposed regulations to control the sulfur content of diesel fuel.

Ports Petroleum is an independent marketer of motor fuels. We own and operate 70 motor fuel outlets in 12 states. Our company employs 700 workers and markets approximately 280 million gallons of diesel fuel every year.

I appear today on behalf of the Society of Independent Gasoline Marketers of America. I am privileged to serve as SIGMA's first vice president.

SIGMA is an association of approximately 260 motor fuel marketers operating in all 50 states. Together, SIGMA members supply over 28,000 motor fuel outlets and sell over 48 billion gallons of gasoline and diesel fuel annually, or approximately 30 percent of all motor fuels sold in the nation last year. Collectively, SIGMA members sold over 13 billion gallons of on-road diesel fuel

last year; and 89 percent of our members sell diesel fuel.

My personal experience with Ports Petroleum and my representation of all SIGMA members at this hearing today combine to make me well-qualified to speak about the EPA's diesel sulfur proposal, not just from the diesel fuel marketers' perspective but from the perspective of diesel fuel consumers as well.

From the point of view of diesel fuel marketers and our customers, EPA's proposal will have dire consequences on our business, on our customers, and potentially on our national economy. SIGMA strongly opposes EPA's diesel fuel sulfur proposal for one fundamental reason. It will reduce, perhaps substantially, the supplies of on-road diesel fuel.

Diverse and plentiful supplies of diesel fuel are the life's blood of independent petroleum marketers like Ports. Without adequate supplies of diesel fuel, independent marketers -- the most competitive segment of the motor fuel marketing industry -- will cease to exist as a force in diesel fuel retailing.

Already as a result of industry

consolidations and refiners exiting the motor fuels business, the number of sources of diesel fuel on which an independent marketer can look for supply has been reduced. If the sources of supply or the numbers of suppliers are restricted further, independent marketers will be forced to look towards integrated refiners -- in many cases our strongest competitors -- for diesel fuel supplies.

When integrated refiners are aware that an independent marketer has many other sources of supply, then the integrated refiners are forced to be competitive. When sources of supply narrow, however, there are no such forces acting on the integrated refiners.

We have seen an excellent example of the precarious role independent marketers occupy in the motor fuels marketing industry during the recent supply crisis in Michigan. While independent marketers traditionally have been a strong competitive force in Michigan, recent consolidations have given one or two large refiners dominance over that market.

When the Wolverine Pipeline went down two weeks ago, independent marketers were totally cut off from supply of unbranded product from these

refiners' bulk terminals and for a period of time simply could not get supplies in Michigan. They were forced to truck the product into the state from surrounding areas. As a result, gasoline prices in the state rose dramatically.

SIGMA fears that this Michigan supply and price crisis could become the norm in the nation's diesel fuel market if EPA's diesel sulfur proposal is finalized as published.

EPA's diesel sulfur proposal will result in a substantial decrease in the overall supplies of on-road diesel fuel in this country. As EPA admits in its proposal, some refiners will not be able to make the capital investments necessary to produce ultra-low sulfur diesel fuel, resulting in reduced diesel fuel supplies.

EPA also admits that desulfurization technology currently does not exist to remove sufficient sulfur from certain diesel fuel blendstocks, again reducing supply.

EPA further admits that our nation's diesel fuel distribution system, including pipelines, bulk storage facilities, and tanker trucks, will be forced to downgrade an unspecified portion of our nation's diesel fuel production

because it will become contaminated with higher sulfur products during distribution, again reducing overall supplies.

And EPA highlights the fact that under the proposal domestic diesel fuel will have a substantially lower sulfur level than diesel fuel produced in most other industrialized counties which will prevent foreign supplies of diesel fuel from alleviating any shortage in domestic production.

Independent marketers of diesel fuel will not be the only ones to suffer under EPA's proposal. Consumers of diesel fuel, including our nation's trucking and agricultural industries, will pay for EPA's program at the pump. EPA predicts in its proposal that diesel sulfur reductions will cost approximately 4 1/2 cents per gallon. That number is woefully low.

As we witnessed this past winter and spring in the Northeast and currently are witnessing in the Midwest, even small supply shortages of motor fuels can cause dramatic increases in retail prices. If overall diesel fuel supplies are reduced by 10 percent as a result of EPA's proposal -- which I believe is not an unreasonable prediction given the refiners I've talked with -- then the

$2-per-gallon diesel fuel prices we saw in the Northeast last winter will become the norm, if not a bargain, in the eyes of consumers.

Given the extent to which our nation relies on diesel fuel to power our on-road commercial transportation network, the ultimate impact on these price increases and diesel fuel shortages will be felt by the economy as a whole through increased transportation costs and inflation.

While the current staff at EPA may not care about this impact of their proposal on the future of our economy because these impacts will occur long after this administration has left office, many of us will be present when the repercussions from this ill-considered proposal are felt by consumers and our economy.

While consumers generally have responded to public polling that they are willing to pay more for gasoline and diesel fuel to have cleaner air, the recent supply crises and price spikes and the resultant howls of protest from consumers and elected officials in the Midwest give rise to significant questions regarding the public's support for an environmental program that could harm the

continued economic expansion.

SIGMA raises a specific objection to the dual fuel option discussed in the preamble to the proposal, including the ill-conceived notion that a dual fuel program should be limited to large diesel fuel marketers.

In the preamble, EPA requests comments on adopting a regulatory scheme that would permit two on-road diesel fuels to exist for a short period of time. EPA envisions that refiners would make some ultra-low sulfur diesel fuel for several years and continue to also supply the current low sulfur on-road diesel during this transition period.

EPA also solicits comments on a retailer mandate for offering both on-road diesels or a mandate that only large marketers do so. These ideas should be roundly criticized and discarded.

EPA, in its attempt to make its drastic proposal on diesel sulfur reductions seem reasonable, has floated this idea of dual on-road diesel fuels.

I must tell you that this proposal would be disastrous for our industry and the nation's motor fuel distribution system. This dual fuel proposal would force Ports and other diesel fuel

marketers into one of the following scenarios: either, No. 1, add an additional underground or above-ground storage tank and dispenser system to hold and pump the second grade of on-road diesel or retail only ultra-low sulfur diesel fuel at a time when only a small percentage of our customers would require it and risk losing customers to competitors that choose to sell the cheaper low sulfur diesel.

At the vast majority of our company's locations, we have very limited storage for diesel fuel. At most sites our tanks hold less than 48 hours of supply. In many instances, we would not have room at our sites to install additional tankage, even if we could get the permits to do so. Even if we could install the additional tanks, it appears from EPA's proposal that a second on-road diesel fuel would be phased out within five years, making our investment in that additional tank unnecessary and a wasted investment.

While Ports does not own or operate bulk storage terminals, I would assume that such a dual fuel approach would tax storage and distribution assets at the terminal level of distribution as well. We need only to look at the St. Louis metropolitan area which has already experienced

significant supply shortages of gasoline to understand that the bulk storage facilities will not be available to store additional types of on-road diesel fuel. St. Louis-area terminals have already been forced to shoulder 12 different types of gasoline rather than the area's traditional three types.

This area's distribution system already is overtaxed. Adding an additional type of on-road diesel fuel would be virtually impossible given current storage capabilities.

As a result, SIGMA strongly opposes EPA's dual fuel option. While EPA has attempted to portray this idea as a means of easing the burdens of this program on refiners and marketers, it, in fact, will greatly increase the costs of the proposed program if it is implemented.

SIGMA would support a diesel desulfurization program that takes effect in 2010 or later to permit adequate time for the proposed environmental emissions control and diesel desulfurization technologies to mature and develop and give refiners additional time to install these new technologies.

An EPA regulation that adheres to these

principles would, we believe, have only a minimal impact on overall diesel fuel supplies while reducing diesel sulfur levels by 90 percent and achieving substantial reductions in emissions from heavy-duty diesel engines.

In addition, the longer implementation time frame would permit the manufacturers of emissions control devices to develop their technologies to a level at which a 50 ppm sulfur level would not have a negative impact on emissions.

I appreciate the opportunity to present SIGMA's views of EPA's proposal. SIGMA will be filing more detailed, formal comments prior to the close of the public comment period.

And I would be pleased to answer any questions raised by my testimony.

MR. FRANCE: Thank you. Keith Gostafson.

MR. GOSTAFSON: Thank you. I appreciate the opportunity to speak here with you this morning.

Believe it or not, I heard about this conference as I was driving into the allergy clinic this morning. I called the state EPA office. They sent me to the national office. After 30 minutes I finally called the radio station. They told me

where to find you guys. You need a little bit better PR department on your meetings.

I live up in North Georgia up in Waleska, Georgia up on the side of Pine Log Mountain. You can no longer see Pine Log Mountain from Atlanta except for two or three days a year. It's pretty evident in driving through the area that the air quality has gotten worse.

Now, in addition to being a local resident by vocation, I'm an engineer. I initially just planned to attend this meeting to listen and see what was presented, but I felt obligated to speak.

Now, I've heard several things presented here today. One of them, in looking through the proposal, none of your heavy-duty standards that you're talking about actually apply to the vehicles everyone is so worried about. When almost everyone's speaks an example, says at sometime in their life gotten behind a truck or a bus and it's spewing out noxious emissions. Yet the proposed standards for heavy-duty vehicles cuts off at 14,000 pounds gross vehicle weight. So the very trucks and buses that we're talking about regulating, reducing the emissions on, aren't covered by the proposal.

So one of the things I'd like to ask the committee would be to include an emissions standard for on-road trucks, inner-city trucks, off-road trucks, urban buses.

Now, on the engine side, it does a pretty good job of addressing heavy-duty engines.

Now, in listening to further comments here, everyone seems to be narrowing the focus of this proposal down to the sulfur requirements of diesel engines. I see that we're talking about aftertreatment and catalysts and whether the catalysts and aftertreatment will work at 15 parts per million versus 50 parts per million -- lots of technology terms going on -- and then kind of veil threats that the cost will go through the ceiling if we have to comply.

Now, I work for a company called Chart Engineering. I'm head of R&D for their flight technology division. We manufacture cryogenic equipment, and we're the world's far most supplier of liquid natural gas vehicle tanks for on and off-road vehicles.

As opposed to focusing this thing -- everyone's talking about heavy-duty engines and they're immediately assuming diesel. And right now

today there's alternatives to diesel. Cummins, Caterpillar, Mack, Deere Corporation all make natural gas engines. On the heavy side, when they're powering trucks and urban buses, you typically power them with liquid natural gas so you can get the range.

These engines all meet today the 2004 CARB requirements for particulates, emissions, and NOx. Some of them already meet the standards you're proposing here.

As a consequence, most of the large western cities are adopting LNG technology. Houston, El Paso, Dallas, Phoenix, Austin, Los Angeles are all running large natural gas bus fleets. In addition, there's some large private truck fleets running domestically and in Europe.

In addition to it being an already existing technology to clean-burning fuel, it's actually lower cost than current diesel fuel. In the Atlanta area, you can get it delivered from three or four different suppliers if you're a fuel station for 40 cents a gallon. That's not $1.40. That's 40 cents. It's available. It's fairly widely available up and down the East Coast. It's used for peak shaving natural gas for home heating.

In the Atlanta area, there's over 100 million gallons of LNG available today.

So it provides another path for meeting the requirements besides just arguing over whether or not diesel can be made cleaner. If the regulations are adopted, the competition that natural gas engines will provide in response to the diesel engines are going to force the diesel engine manufacturers and the diesel fuel producers to make cleaner engines and cleaner fuel so that natural gas doesn't take over.

That's more of a mind-set than anything else. There's very little education out right now. I mean I travel the world telling people about liquid natural gas.

I'll take a quote from another engineer, a guy named Molt Taylor. Back in the '60s he invented a certified flying car. And he was asked by a reporter what it takes to convert from a car to a plane, what do you have to change to convert your car to a plane. He said you have to change your mind.

Similarly, the conversion from diesel to natural gas technology requires a similar mind change. Passage of this proposal into law would

help convince people that there are other ways to achieve low emissions and still not cause the mass price increases and the refineries won't be reduced to making candle wax and shoe polish.

I appreciate the opportunity to speak to you today. I thank you.

MR. FRANCE: Thank you. Any questions?

MS. GRAVES: There was a statement in the testimony that EPA has not finalized the standards proposed for 2004. I just want to clarify for the record that the 2004 standards are final and under review. Thanks.

MR. KOPINSKI: Just to clarify for Keith and any others in the audience, our proposal does cover all the categories of trucks that we've been discussing today. That requirement for 14,000-pound and smaller vehicles is a special requirement to make sure that the smaller gasoline vehicles certified under a separate test are also included.

MR. FRANCE: Just one brief clarification question, Mr. Williams. You referenced in your testimony experience back in the early '90s, and you attached some material. I'm not sure I -- if you can explain to me what point you were trying to make there, because I think it makes our point. But go

ahead. I'm open. Let me backtrack.

What happened there is 500 ppm fuel came into effect in 1993. This particular manufacturer that we don't need to highlight tried to design a trap on higher sulfur fuel. It did not work. They had massive failures. They ended up replacing the traps with oxidation catalysts which do work which were facilitated by low sulfur fuel.

From EPA's perspective that is a case in point and a success story attributed to lowering the sulfur in diesel fuel.

I was just curious what I'm missing.

MR. WILLIAMS: Well, my point is that you were predicting and promoting a certain technology and fuel level; and that combination didn't work. And I think because of the uncertainty with the same combination diesel today, we're just very concerned that you want to repeat that same experience.

MR. FRANCE: Again, just for the record, 500 ppm fuel wasn't -- in that case we were reducing sulfur we indicated with oxidation catalysts; and, in fact, that's what it did. So, again, just to clarify for the record, that to us is a success story which reinforces the role of sulfur and the affect on aftertreatment.

Okay. Any more questions? Thank you very much.

(A discussion ensued off the record.)

MR. FRANCE: David Holt, whenever you're ready to go.

MR. HOLT: Ready. Thank you very much. As Chet mentioned, my name is David Holt. I'm director of government affairs for Hart/IRI Fuels Information Services.

On behalf of Hart/IRI Fuels Information Services, I want to thank you for the opportunity to appear before you today in support of EPA's proposed heavy-duty engine and vehicle standards and highway diesel fuel sulfur control requirements.

For almost 20 years Hart/IRI has provided quality information, consulting services, and analysis to the worldwide refining and automotive industries, as well as state and federal regulatory and legislative officials and public policy makers.

As part of these overall efforts, Hart/IRI has a unique perspective on the individual and collective needs of the refining and automotive industry as well as the economic and environmental needs of the general public. We also recognize that vehicle technology and motor fuels should be treated

as an integrated system.

With these perspectives in mind, we support EPA's proposal for a comprehensive 50-state air quality control program regulating heavy-duty vehicle exhaust and diesel fuels as a single system. We applaud EPA's efforts to ensure that refiners have adequate lead time with which to implement the proposed changes. We also welcome the opportunities presented for advanced synthetic diesel, such as Syntroleum's gas-to-liquids process.

As currently proposed, EPA's diesel sulfur fuel requirements would reduce current diesel sulfur levels of 50 parts per million to 15 parts per million by mid-2006. In addition, heavy-duty vehicle emission standards for particulate matter, nitrogen oxides, and hydrocarbons would be significantly tightened beginning in 2007.

In our view, EPA's proposal to substantially reduce the sulfur content of diesel fuels would accomplish several important public policy objectives including air quality improvement, creation of a pathway for clean-burning diesel engines to meet the goals of the Energy Policy Act and Clean Air Act, establishment of an alternative fuel diesel market such as synthetic diesel, further

recognition of the need to treat fuels and vehicles as an integrated system, and maintenance of the diesel engine as an alternative for the light-duty market.

If adopted, EPA's proposed cap of 15 parts per million sulfur content in diesel fuel and proposed new standards for heavy-duty highway engines and vehicles would have a significant and positive impact on air quality around the country. According to EPA, the standards proposed would result in substantial benefits to the public health and welfare through significant annual reductions in emissions of NOx, PM, hydrocarbons, carbon monoxide, sulfur dioxide, and air toxics.

As proposed, this program will reduce emissions of NOx and hydrocarbons, key ingredients in ozone, by 2.8 million and 305,000 tons per year in 2030 respectively. PM emissions from these vehicles would be reduced by 110,000 tons per year in 2030. These reductions translate to a 90 percent reduction in NOx emissions from the 2004 levels and a 90 percent reduction in PM from current levels by 2007.

It is also important to note that diesel fuel use in the United States continues to increase

as trucks and diesel-powered sport utility vehicles capture larger percentages of the transportation market. The demand for diesel in the United States transportation sector is growing three times faster than gasoline. The conversion from gasoline to diesel engines grew at a 44 percent rate from 1997-1998.

The Department of Energy estimates that Americans will consume 1.93 million barrels per day of diesel fuel in 2000 and 2 million barrels per day in 2010.

This growth not only creates the need for additional air quality standard safeguards such as those EPA's currently proposing, it establishes a need for an expanded alternative diesel fuel market. It also raises the question of how refiners will meet increased diesel production demands driven by the continued growth of the diesel market while also further constrained by additional improvements to emission standards. This problem will likely be exacerbated by fuel quality improvements also being made by the European Union and elsewhere.

In the early 1990s, Congress passed the Energy Policy Act designed to reduce the nation's growing reliance on imported oil as well as the

Clean Air Act which was designed to provide for improved air quality through reductions in mobile and stationary source emissions.

EPACT promotes the use of nonpetroleum-based fuels and new technology to replace substantial quantities of oil consumed by motor vehicles. EPACT calls for displacing 10 percent of all petroleum-based fuels by 2000 and 30 percent by 2010.

The Clean Air Act establishes standards for the reduction of criteria pollutants and improving air quality. Among the requirements of the Clean Air Act is the establishment of a clean fuel fleet program. This program establishes that specified percentages of new vehicles acquired by fleet owners in 1998 and thereafter must meet clean fuel fleet standards.

But the transportation sector is failing to achieve the goals set by these acts with the use of nonpetroleum-based fuels capturing only about 3 percent of the total highway transportation fuel market. The primary reason for this failure is the fact that nearly all public transportation vehicles are powered by diesel engines, and there are virtually no alternative fuels available in

sufficient quantities for diesel engines.

In many cases, altering the vehicle engine and infrastructure to run on compressed natural gas or propane has proven too expensive. As a result, emissions from diesel-powered engines, particularly NOx and PM emissions, have continued to rise.

EPA's proposal offers an effective pathway to improve current diesel engine technology and substantially reduce harmful emissions from diesel fuels. It also offers an avenue for the development and commercialization of ultra-clean synthetic diesel for the establishment of an alternative fuel diesel market to meet the goals of EPACT and, to a lesser extent, the Clean Air Act.

Synthetic diesels have already proven a way to cost-effectively exceed EPA's proposed low sulfur diesel standards. In addition, they are substantially nonpetroleum. They provide an opportunity, if it is realized, to advance the marketability of ultra-clean cost-effective diesel-powered engines that meet the requirements of both EPACT and the Clean Air Act.

Synthetic diesels generally produced from natural gas contain no detectable sulfur, aromatics,

olefins, or metals. They have low density and high hydrocarbon content and a cetane number that exceeds 74.

A recent study of heavy-duty engines by the Southwest Research Institute concluded that synthetic diesel's emissions of criteria pollutants were significantly lower than other diesel. NOx emissions were reduced 22 percent over current EPA No. 2 diesel. PM emissions were reduced 38 percent over current EPA No. 2 diesel. Air toxic emissions were reduced 34 percent over current EPA No. 2 diesel.

At least one synthetic diesel technology company, Syntroleum, has already submitted a petition to the Department of Energy requesting a rulemaking to add synthetic diesel to the list of alternative fuels defined by EPACT. Because synthetic fuels are substantially nonpetroleum, would yield substantial energy security and environmental benefits and would cost-effectively provide a ready market alternative for meeting EPACT and Clean Air Act requirements, it would seem reasonable for DOE to grant such a proposal. We would also urge EPA to support DOE's granting of this proposal.

In addition to its benefits as a potential ultra-clean alternative fuel, because synthetic diesel is produced from natural gas feedstock, the resource base is as large or larger than the present world oil reserves. As a result, use of synthetic diesel will enable the refining industry to have additional flexibility in meeting expected demand for diesel fuel while also meeting new emission reduction standards.

The production of diesel fuel with 15 ppm sulfur will require additional refinery operation, specifically more process heat and more natural gas for hydrogen production. Reducing the total diesel pool from 350 ppm to below 50 ppm requires substantial increases in energy and hydrogen, thus constricting diesel stocks. Adding 30 percent by volume of synthetic diesel to conventional diesel blendstocks will reduce 20 ppm sulfur to 15 ppm sulfur and provide a more efficient means of complying with EPA's low sulfur rule.

In conclusion, we applaud EPA's heavy-duty diesel engine and low sulfur diesel fuel content rulemaking. We also support the process EPA has proposed for implementing diesel fuel improvements prior to vehicle emission reduction

requirements to ensure that advanced vehicle technology is fully utilized.

Today, everyone recognizes the critical role sulfur plays in our national environmental policy. Ultra-low and near-zero sulfur levels are vital to continued air quality improvements. The issue is no longer should we reduce sulfur. It is how quickly can we achieve near-zero sulfur levels.

We also urge EPA to work with DOE to ensure that other important public policy goals of the Energy Policy Act and the Clean Air Act can be met through the use and commercialization of ultra-low, zero sulfur, zero aromatics synthetic diesel in order to take advantage of the promise shown by Syntroleum's gas-to-liquids synthetic diesel process.

Thank you very much for the opportunity and for the special consideration for the time constraints.

MR. FRANCE: Thank you. Next speaker, Curt Smith.

MR. SMITH: My name is Curt Smith. I'm a member and representative from the Georgia Sierra Club, Georgia's air pollution issue leader. Thank you for the opportunity to speak.

One of the advantages of being late in the day is I've had the opportunity to listen to so many great presentations. So I'll edit the things I'll say to not repeat what we've already heard 100 times over: our health will be increased, air pollution will be improved. These things are self-evident.

Georgia Sierra Club urges the EPA to adopt stricter diesel fuel engine technology. That much I'll be very glad to repeat.

What may be new news is Georgia and the greater Atlanta area is in the cross hairs of diesel trucks and transportation with north/south travel of interstate traffic powered by diesel, east/west traffic of diesel trucks, trains and our buses. We are literally in the cross hairs of diesel pollution here in the greater Atlanta area, perhaps more so than most cities.

We would be greatly benefitted by reducing the diesel pollution. The national standards of 2 percent of traffic being diesel powered probably would be very, very low if we actually measured vehicle miles here in Georgia. We desperately need lower pollution. We've gone through a nonattainment zone and plan proposal to

the EPA to meet our nonattainment. The plan is woefully weak. Hardly any air pollution reductions were achieved through our state of implementation plan. We need outside help by this type of additional help to meet our air pollution requirements here in Georgia.

I very much disagree with any claims of fuel shortages. Europe is ahead of us. Those refineries are ahead of us in terms of producing fuel, offers of synthetic fuel sources. I would urge that the EPA not give particular credence to industry human cry. We've had in excess of 20 years of first the auto industry and then the tobacco industry and then the gasoline industry making human cry about dire predictions. One thing that's been absolutely consistent, they've all turned out to be false.

Another issue that's chewing the diesel market is it's not a free market. Vehicle purchasers who wish to buy a truck to haul drywall from the inner-cities supply depots to the suburbs where construction is occurring have no choice. I can go out and choose to buy an ultra-low emission vehicle from Honda or a big boat polluter if I want to buy a car. If I want to buy a truck, I have no

choice.

This is an area where government, the EPA, and regulations unfortunately are our only help in making improvements in this area.

It appears the free market is not going to make any improvements in either the fuel or the engine or the vehicles. We've had how many years head start with cars? Trucks today are polluting more than they ever have. Why is this?

The EPA is our only hope to make improvements in reducing diesel pollution.

Thank you very much.

MR. FRANCE: Thank you. The next speaker, George Gay.

MR. GAY: Thank you very much for the opportunity to speak with you this afternoon. My name is George Gay, and I am the southeast regional director of The Wilderness Society located here in Atlanta, Georgia.

The Wilderness Society was founded in 1935 in the Great Smoky Mountains of Tennessee and North Carolina. The Society works to protect America's wilderness and to develop a nationwide network of wildlands. We do this through public education, scientific analysis, and advocacy.

Our goal is to ensure that future generations can enjoy clean water, wildlife, and opportunities for recreation and spiritual renewal provided by the nation's rivers, forests, deserts, and mountains. One of our goals is also to ensure that these pristine wildlands can afford us opportunity to have clean air.

That's why I'm here today, to talk about clean air and the air sheds provided by our Southern Appalachian Mountains. It's a perspective or point of view and an analysis with respect to this issue that I don't think has been articulated too frequently today.

You have heard some comments, some eloquent comments, with respect to the Great Smoky Mountains and the health of the air in the Smoky's. Near the Smoky Mountains is a national forest that some of you on the panel may not have heard of. Some of you may have heard of it. Maybe you're familiar with the Chattahoochee National Forest in Georgia.

The Chattahoochee National Forest is a national forest that's about a million acres in size. It received last year more user visits than the Great Smoky Mountains National Park. The Great

Smoky Mountains National Park received more user visits than any other national park in the United States, more visits than Yellowstone, more visits than the Grand Canyon.

People come to the national parks, to the Great Smoky Mountains National Park and the Chattahoochee, for renewal and the ability to get away from what we find in the city to be oppressive: smog, congestion, and unhealthy air. They go to places like the Great Smoky Mountains National Park for clean air, for open spaces, and opportunities of solitude.

These places like the Smoky Mountains National Park and the Chattahoochee National Forest of our Southern Appalachians are very valuable to Atlantans and to Georgians and to citizens of the Southeast. They generate billions and billions of dollars per year in tourist-based, recreation-based revenue.

The value is more than just these dollars however. As I mentioned, it's for spiritual renewal and for an opportunity of solitude.

We've heard that in the Smoky's last year there were more than 50 red alert days, dangerous air days; and there are more to come this year.

These remote places are damaged to the point of inaccessibility. We've lost a lot. We have lost an incredible amount. Where will the citizens of Atlanta go for solitude? Where will the citizens of Chattanooga go to get away from it all?

Can we really ask these citizens to go into these parks and forests if they are even greater spots for red alert? Can we ask them as a government in good conscience to go to these places to get away when, in fact, these places become places of danger?

That would be asking them to sort of jump from the frying pan into the fire if, as we heard, the air quality in the Great Smoky Mountains National Park is, in fact, worse during the course of summer days than the air quality in Chattanooga. We'd be disingenuous if we as a government encouraged them to go to these wild places to get away for cleansing, if, in fact, these places are dirtier.

I'm personally ashamed that we have allowed during this century the degradation of our natural resources to the extent we have, and I find it somewhat of a disgrace that we're here today debating whether or not these EPA measures go too

far. I would suggest that they do not go far enough and they do not go fast enough.

I understand that heavy-duty trucks and buses currently account for approximately 37 percent of the smog-forming nitrogen oxides and 59 percent of the particulate pollution emitted by all vehicles on the road in Georgia. The figures are probably similar in Tennessee. These figures have a dramatically negative impact upon the Chattahoochee and other public land resources here in the Southern Appalachians.

In order to ensure that cleaner trucks will have access to clean fuel necessary to run them, The Wilderness Society urges the EPA to require diesel sulfur fuel levels for on-road and off-road vehicles, off-road vehicles that we see on our public land, with a cap of no more than 15 parts per million sulfur nationwide by the year 2006.

Cleaning up diesel fuel by 97 percent will allow the EPA to cut smog-forming pollution, the kind of pollution that destroys the user experience in the Smoky's, by 95 percent in 2007 and soot pollution by 90 percent by 2007.

This, again, will help go a long way to protect the integrity of our national forests,

national parks and wildlands in the Southeast.

But I understand that you're proposing to wait until the year 2010 to fully clean up smog-forming pollution from these vehicles. I have not heard anything today that convinces me that we can afford to wait. Waiting ten years before all new trucks are cleaned up is too long. The phase-in period should be shortened.

In addition, the EPA should take measures to ensure that big trucks are meeting the emission standards on the roads where it counts, not just during the engine tests. Specifically, both in-use and on-board diagnostic equipment should be required for all heavy-duty trucks by the year 2007.

We think that these provisions are necessary to protect the integrity of our public land, our wildlands, these wildlands that are cherished by the majority of Georgians and residents of the Southeast. The Wilderness Society asks that you include these provisions in your final rulemaking.

Thank you.

MR. FRANCE: Thank you very much. The next speaker, Peter Carr.

MR. CARR: My name is Peter Carr. I'm

president of the Instatherm Company. I thank you very much for this opportunity to testify today.

We've heard a great deal today about the systems approach that the EPA is taking which is to combine the engine and the fuel into one package. However, I think one aspect is missing here; and that is the actual use patterns. You need to look at the way these engines are used.

Two years ago EPA took the heavy diesel manufacturers to task in a major enforcement action because of the actual highway pollution levels. We're way above that prediction from the EPA certification tests. And the engines passed the certification test, but it was a test that did not give an accurate value for what we're doing on the highway.

Well, I'm here today to testify about an analogous situation wherein the certification standards and the use are so desperate that they are of no use in being predictive at all. We all know about this problem; but like the Emperor's clothes, we appear not to want to recognize it.

My concern is here that interstate trucks, which there are 1.3 million of them running around, spend at least 40 percent of their operating

time idling with no driver in the seat. This is an incredible amount of time. It severely compromises the grams per brake-horsepower standard as presently proposed.

These standards need to recognize this. I mean here we've got a situation where the trucks are actually running at zero brake-horsepower, but the driver is not sitting idling in traffic or behind the wheel. He is not even in the driver's seat. He or she is back in the sleeper compartment.

The standards need to take this into account. And if they do that, of course the grams of pollution per brake-horsepower-hour will become considerable because the denominator is close to zero. Or alternative steps can be taken to eliminate this environmentally-damaging idling practice, and then probably the proposed standards would make sense. But they don't make sense if this isn't looked at.

The general feeling throughout the EPA regulatory process is the best available means in abating pollution from any source. And the best available means in this case is to turn the engine off when the driver is not propelling the truck,

when the driver is not in the seat and the truck is not being propelled by the engine.

I mean what could be more straightforward? And actual pollution reductions which I'll talk about in a minute are really astronomical.

Trucks with attached sleeper compartments comprise the majority of the heavy-duty over-the-road vehicles operating on our interstate highways. These trucks provide a vital service, and a comfortable heated and air conditioned sleeper compartment for the driver is essential. You know, it's a tough enough job being a driver on the interstate; and they need a good air conditioned environment or heated environment to sleep in, albeit that the engines are on all the time and the vehicles are shaking and, you know, with all sorts of pollution.

However, the overwhelming majority of these trucks are produced with engine idling as the only means of heating or cooling the sleeper box. I mean that's the only way they can do it. And implicit in this sort of idle-all-night approach -- which is what they do, they run all night -- it is part of substantial pollution, noise, and health

consequences.

I mean I don't know. We've talked a lot about trucks going through the cities and what have you. You just go to a truck stop on a summer evening and experience its conditions. They're miserable. I don't know what it does to the driver's health, sleeping in that; but the conditions are a lot worse than you would ever find in downtown Atlanta or anywhere like that.

Consider this. You've got 1.3 million sleeper trucks on the road. These trucks utilize 1.6 billion gallons of fuel that's squandered. It goes straight up the tail pipe while the driver is resting. I mean this is 1 percent of our imported fuel that's going up through the exhaust pipe of these trucks while the truck is stopped and the driver is not in his seat.

You notice in the paper today, you know, we're seeing 2.8 percent more fuel from OPEC. I mean this is of the same order. We just run it up in the exhaust pipe; 27,000 tons of hydrocarbons needlessly emitted, 23,000 tons of NOx needlessly emitted, and almost 6,000 tons of particulates. I mean that would be enough in a year to cover the entire United States to a depth of 12 feet where the

particulate level would be above the threshold limit.

This one I would direct back to EPA. This 1.6 billion gallons of fuel translates into an annual global warming effect that is equivalent to that that would be experienced by taking the Freon out of every new car that was produced that year and venting it into the environment. Or every truck, if the driver every two months vented his air-conditioning system, that won't be tolerated. And the effect is exactly the same.

And you have to contrast this with extremely strict regulations that EPA imposes on any air-conditioning system venting at all. You won't let anybody vent anything from an air-conditioning system. However, you will allow huge amounts of pollution from idling trucks.

This is one of the most egregious pollution sources. It's nationwide in scope and continues unabated. If you walk out the door to a truck stop, you see trucks idling away.

Technology is available today to the sleeper truck manufacturers and to the industry to eliminate the need for trucks to idle and pollute in this manner. The technology would keep drivers

comfortable and, incidentally, will save money for the truck operators as well.

Leadership is desperately needed within government and the industry to elimination this pollution source and give it the priority it demands to quickly eliminate it.

This is actually quite embarrassing. It is almost a U.S.-only practice. You will not find trucks idling in the rest of the developed world. We do it here. Fuel is cheap. It's getting more expensive, but we do it here and we're almost alone in doing it.

Without the above leadership, I think that the proposed standards cannot stand as they are printed. They need to be taken further to take into account this extensive driver-out-of-the-seat idling pollution. It is truly a massive loss of fuel and one that can be easily solved and should be solved in concert with tightening up the pollution standards.

I thank you very much for the opportunity to speak.

MR. FRANCE: Thank you. Felicia Davis-Gilmore.

MS. DAVIS-GILMORE: Good afternoon, and

thank you for this opportunity to go on record in support of curbing diesel emissions. As the southern regional director for Ozone Action and Georgia Airkeeper Campaign director, my focus is upon the reduction of human contribution to global warming and the cleanup of coal-fired power plants respectfully.

We support efforts to reduce NOx, SOx, particulate, and CO2 emissions.

Today I wish to speak to you as a mother, daughter, and resident of one of Georgia's thriving truck stops, Forest Park. My remarks today are informed by my work to help clean the air but inspired by my stepson, George Gilmore, who is eight years old and suffers from asthma. I'm certain that anyone who has been through an asthma attack with a child that cannot breathe learns firsthand the value of clean air.

The EPA proposal to clean up diesel fuel will go a long way toward cleaning the air we breathe. We have such a good standard of living that we often forget that on ozone alert days the air is unhealthy to breathe. Those of us with healthy children and no exposure to those who experience great difficulty breathing move through

the smog pretty much in a fog. In other words, on the average, we take little or no thought of breathing. It is automatic and taken for granted.

We have all been choked by the exhaust from dirty old trucks and buses running on high sulfur diesel and generally have considered it an occupational hazard. There are many occupations that are hazardous, and we live with it because in the end the good outweighs the bad or else we have no choice.

In the case of diesel fuel, we have a choice; and the choice is rather simple: tough standards that result in cleaner trucks using cleaner fuel that in the end result in cleaner air.

The trucking and fuel industries will be motivated to change. We know that absent a more strict emission standard neither industry will change.

One of the most important roles of our government is to establish national standards and to inspire the collective will to meet and exceed those standards.

Our children, George included, and all of the other little boys and girls have a right to expect nothing less than our best when it comes to

efforts to protect and secure our environment. It is very simply the right thing to do at the right time for the right reasons.

I am pleased to add my voice to those who speak eloquently and forcefully on behalf of a clean and healthy America that puts children, families, and communities first.

Thank you.

MR. FRANCE: Thank you for your testimony. Dennis Hoffarth.

MR. HOFFARTH: Thank you. I'm Dennis Hoffarth. I'm the executive director of the Atlanta Bicycle Campaign. I'm pleased to be out here among all these other citizens that care enough to come out and spend some time and speak from the heart.

I'm also an engineer; and I want to share some energy philosophy, if that's not an oxymoron. It just seems like we've had a pattern throughout our technological era here creating solutions, technical solutions, that create other problems. Everything from, you know, the way London was covered with coal smoke in the early years. People were breathing and spitting out black goo, whatever. And then we began to -- we find a solution for that that creates another problem.

And I think we're finding that the industry is not -- is on that same pattern. I think it really is taking government regulation to bring us back to the point where we are. We have a net benefit from our technology of solving these problems, of moving materials and moving people, without creating such additional problems that really the net benefit is greatly reduced.

My organization, first of all, I think I made it clear that we support the change in the regulations to greatly limit the emissions and fuel pollution that we're now facing. I am dismayed that we are, as my fellow environmental activists to the right of me said earlier. The time that we're dealing with here, we're not going to see any real benefit for so many years. I would encourage you to look at what we can do working with the industry, working with the technology to bring that time closer when we actually see major benefits.

My main purpose here though is to speak to you as a person who spends a lot of time in the streets as a cyclist and one who gets around transportation primarily by bicycle. We're the people that end up eating a lot of this stuff.

We're working in partnership with a

number of other organizations from a society standpoint to actually get people out of their cars and have more people actually out in the streets, as someone else was saying earlier -- I think Donzella James was talking about all the outdoor cafes, the outdoor life that we enjoy here in Atlanta. In order for us to have the transportation changes that we're working towards to get people taking buses and trains, walking and bicycling, we need an outdoor atmosphere that is welcoming and pleasant.

And diesel emissions are one of the most personally offensive things out there right now when you're out in the city. We encourage people to ride bicycles for transportation, but a lot of them are very discouraged the first time they're behind a bus or a truck that ends up spitting offensive materials in their face and they're choking and their eyes are stinging and they may not go back and try it again.

Same thing with other people getting out, out and about, walking and bicycling and taking the buses and trains. They shouldn't have to do this in a sea of pollution.

Now, looking at the objections I'm hearing from the industry, it seems to me that the diesel vehicles have been given a free ride for too

long. It's time that they begin to have the same restrictions that some of the other vehicles have had.

If I was producing a food that was poisoning people, I would be required to change that very quickly and change my operations, my factory, whatever it took to cease that problem regardless of cost.

And let's make no mistake about it. We're talking about poisons in the air here. You know, once we've identified the problem, let's get down to solving it; not looking at, you know, gee, we're going to maybe put somebody out of a job. We don't want jobs making poisons. Okay?

As we're out promoting bicycling and looking at making these changes, one thing that I have realized is that if we're able to make the atmosphere more pleasant -- first of all, just by reducing the diesel emissions, we have helped to clean up the air.

But then there's something that we call in engineering called synergy where you solve a problem; and while someone else is working on another part of that problem, if they both work together, the net result is more than double. In

other words, you get a multiplying effect.

If we actually reduce the amount of pollution out there, then more people are going to get out and about. They're going to get out of their cars. They're going to walk and take the bus and bicycle more which means we're going to have even less pollution. So it has a multiplying effect, and it can be a factor I think in a lot of people being willing to get out there and breathe the air instead of breathing inside their houses and inside their air-conditioned cars, etc.

Lastly, I just want to emphasize the pollution from the diesel. It seems to me it ought to be the first thing we should took care of because it's so visible, it's so obvious, and it's so offensive.

I want to end with a praise from a local politician who was running for office for governor last year I guess it was when he said that there's certain things that children should never see and one of them is the air that they breathe.

Thank you.

MR. FRANCE: Thank you. Connie Tucker.

MS. TUCKER: Good afternoon. You heard my name, Connie Tucker. And I'm director for the

Southern Organizing Committee for Economic and Social Justice. We're a south-wide network of organizations and organizers working in our communities for economic, social, and environmental justice. By the way, our regional office is located here in Atlanta.

We applaud the EPA for initiating this new proposal to curb diesel exhaust because dirty diesel trucks and buses are really suffocating our communities. On behalf of my organization, I urge you to adopt tough new emissions standards for heavy-duty trucks and buses as soon as possible.

Communities of color are often disproportionately exposed to a variety of environmental hazards. Diesel exhaust is only one of the health risks our communities face. Children in our communities are losing the fight against asthma. Not only do African-American and Latino children have a higher risk of asthma than white children, but African-American children are four times more likely to die from asthma compared to Caucasian children.

The demographics of residents living in areas not in compliance with the federal ozone standard is 52 percent white, 62 percent

African-American, and 71 percent Latino. Now, if we look at the population demographics as a whole, you know that that is a very serious disproportionate impact.

There are significant studies that indicate dramatically the correlation between high ozone levels, increased hospitalizations and emergency room visits for asthma and premature deaths of vulnerable residents like the elderly.

Environmental justice advocates define our environment as where we live, work, and play and go to school; and they added worship. Yet, in many metro Atlanta neighborhoods, major thoroughfares used by big diesel trucks and buses run adjacent to schools, hospitals, recreational facilities, and large housing complexes.

The impact of diesel soot is compounded by the fact that it is discharged at street level where pedestrians are walking and breathing. And for residents living near bus depots and highways, black soot against their windows makes its way indoors to mix with indoor air allergens which are also a significant trigger for those with asthma or respiratory illnesses.

Although big trucks and buses are among

the biggest pollution sources, the oil industries and engine manufacturers have done very little to curb this pollution. In fact, they have cheated on their emissions tests in the past -- and, you know, we're used to industries cheating -- resulting in an extra 1.3 million tons of smog-forming pollution each year.

In short, this is unacceptable. We must require drastic reductions in pollution from these large trucks and buses. And because high sulfur fuel disables pollution control technologies, we must demand that all diesel fuel is fully cleaned up and readily available before the trucks are required to clean up.

For these reasons, to protect the public health, we make the following recommendations. In order to ensure that all cleaner trucks will have access to clean fuel necessary to run them, the Southern Organizing Committee urges the EPA to require diesel sulfur levels for on-road and off-road vehicles by 2006, if not sooner. We support a cap of 15 parts per million on sulfur which represents a 97 percent reduction of sulfur in fuel.

Cleaning up diesel fuel will allow the

EPA to cut smog-forming nitrous oxide pollution by 95 percent, cut soot pollution by 90 percent, and will prevent millions of asthma attacks and tens of thousands of cancers every year.

Furthermore, these newer cleaner trucks should be required to meet the emissions standards as soon as possible. The EPA is proposing to wait until 2010 to fully clean up smog-forming pollution from these vehicles. This means that Americans -- and I want to say all of us living in the United States of American -- will have to wait ten years before all new trucks are cleaned up. We propose that there should be no phase-in period for emissions reductions.

It is not enough to require new diesels to be cleaner. The EPA should take the measures to ensure that all trucks are meeting the emission standards on the road, not just during the engine tests. Specifically, both in-use and on-board diagnostic equipment should be required for all heavy-duty trucks by 2007.

It is time to invest in the next generation of technology that can serve the role of diesel without adverse health and environmental impacts. Cleaning up existing diesels makes sense

for our health and environment, but replacing diesel with cleaner technologies makes even more sense. Therefore, the EPA should provide incentives to increase the use of advanced technology vehicles such as electric buses or fuel cell trucks or natural gas.

We support the concept of incentives targeted to manufactures who go beyond the mandates of this rule and create even cleaner alternatives.

Finally, there is always a cost associated with doing something differently. However, when we weigh the additional cost of pennies per gallon of diesel fuel against the increased emergency room visits, cost of hospitalizations, lost school days, lost work days, and family disruptions, not to mention untimely deaths, the pennies for this cleaner fuel and cleaner trucks is a very small price to pay.

These provisions are necessary to protect the public health. We ask that you include them in your final rulemaking.

Thank you very much.

MR. FRANCE: Thank you. We appreciate everybody coming, taking the time to express your views. Thank you. Next panel.

(A discussion ensued off the record.)

MR. FRANCE: Richard Bright.

MR. BRIGHT: Thank you very much. I'm Richard Bright. I serve in a couple of capacities. I'm the executive director for the Georgia Coalition for the Peoples' Agenda and I'm the assistant director for the Center for Public Health Practices, Department of Community Health and Preventative Medicine, Morehouse School of Medicine.

The Georgia Coalition for the Peoples' Agenda applauds EPA for holding these hearings, and thank you for this opportunity to share our views on these fuel standards.

The GCPA represents major organizations across the state of Georgia including the Georgia Association of Black Elected Officials, NAACP, SCLC, Rainbow-PUSH, local and statewide religious and interdenominational associations, and individual citizens whose voices need to be heard.

Of particular concern to the GCPA are justice, public policy improvement, and citizenship issues. It is our concern about environmental justice and health that motivates us to address you today on diesel fuel standards.

I drive a diesel vehicle for regular

transportation. I close my windows and turn off the air conditioner or turn off the heating system when I am behind a big diesel vehicle belching out obnoxious fumes and smoke.

Now, my thoughts turn immediately to the cars behind me when I'm behind a diesel vehicle. Here I am driving one. Why does not that guy driving that diesel car get rid of that old diesel car, I think that the other person might be saying. And I justify my continuing to drive my diesel vehicle by saying diesel fuel is cheaper and if they did not make these engines I would not have a diesel car.

Is the answer to clean air to eliminate diesel motors, in effect eliminating the need for diesel as a fuel? While this might be idealistic, it is much more practical to produce clean diesel fuel and clean-burning diesel engines.

We strongly support EPA's move to reduce the pollutants in diesel fuel that provides for cleaner air and less health problems. It is estimated that diesel exhaust can produce 125,000 cancer cases in the U.S. and numerous respiratory diseases, with a quarter million asthma attacks annually.

Pollutants in diesel fuel and products released as a result of diesel fuel combustion and incomplete combustion are of concern. Of particular concern from diesel exhausts are small particles, some of which at 2.5 micron size can become trapped in alveolar of our lung tissue.

We know that with this trapping a couple of things take place besides being uncomfortable. One, it can lead to permanent entrapment which can lead to cancer and also it can lead to tumor formation, as well as it can cause other lung impediments.

A majority of the people we represent and for whom we perform studies, minority and inner-city residents, suffer from higher morbidity and mortality rates than others in the society. It is these residents who live in, quote, high-transport corridors and in areas of high exposure to toxic pollutants from transportation, transportation related industries, and industry in general -- it is these residents that we represent rather.

There is an association of triggered asthma attacks, childhood leukemia, and generalized cancer and exposure to pollutants from vehicle exhausts, particularly diesel exhausts.

In a recent study published in the Air and Waste Journal, it was found that children living within 750 feet of highways with greater than 20,000 vehicles a day passing by have a 12-fold greater increase in leukemia than children living further away in urban settings.

In a California study, the Multiple Air Toxics Exposure Study, it is reported that 70 percent of the cancers for a four-county area, with Orange County being the central county, Los Angeles being the city and most heavily populated, 30 percent of the cancers would be attributed to diesel fuel.

In this study it is the heaviest transportation corridors with the people who have the least opportunity to move who bear the burden of exposure to the most pollutants.

It is estimated in the March 15, 2000 report Cancer Risks from Diesel Particulates: National and Metropolitan Area Estimates for the United States that diesel particulates are responsible for 1,930 cancers annually in the Atlanta region.

While it appears that there is insufficient evidence to point to particular

chemicals in diesel as causes of particular diseases and mortality, there is sufficient association of sickness and death in our communities from transportation related decisions for us to be concerned.

People know that they are being sickened and killed because of transportation public policies or the lack thereof.

I worked for the federal government 31 years. 21 of those years are EPA from which I retired. I was responsible for a lot of regulatory decisions.

One of the things which brought to me so much dismay was I would spend a number of years, many millions of citizens' dollars to come up with levels of chemicals that would, quote, be acceptable in the society, only to find out later because of political pressure brought on by industry and the caving in of administrators who are appointed that career servants who would go to great lengths to come up with good information to supply administrators, who would go to rulemaking, the work would be going down the drain.

And it's really appalling. And I feel very sorry for many of my new friends who are

working for EPA now and associates to get such wonderful information only to find that that which they have that supports good decision making is not really going to be used for the decisions that are made.

I'm saying this as an aside but a very important aside, because we have to understand that, to go ten years before we can really put into full effect the proposed rule, that it's not really acceptable.

We make careers -- I made a career out of doing this, and undoubtedly some of you will be doing the very same thing. So I suggest very strongly to those who are testifying more so than the EPA people who are receiving the comments that we go beyond where we are, just presenting this information to EPA. But we must become a social political force to make certain that our views are heard at least equally to that of industry.

In conclusion, I have some recommendations. We ask that the government establish the most stringent diesel fuels that public policy can come up with and that the shortest date possible for implementation be established. No less than the 0.01 grams per brake-horsepower-hour

diesel emissions standard should be established to provide for better health of society. 2, we ask that EPA and the U.S. DOT design and support a study similar to the MATES California study to determine the air pollution problems in the Atlanta metropolitan area, the area with the longest commute of any region in the country.

We ask that certain hot spots be targeted for air monitoring and for health effects research related to diesel and vehicle exhausts in the Atlanta area. Certain areas, hot spots, of Atlanta have very high incidences of cancer, respiratory disease, and mortality as compared to the region as a whole. We believe that there is a direct association with high transportation corridors and also negative health effects.

Fourth, we ask that EPA seriously examine air monitoring and health effects research in tandem and make recommendations to the U.S. DOT to coincide with release of any federal transportation money for new roads and certain road widenings.

Lastly, we urge EPA to not support state transportation decisions that have not had representative public support, have not met Title VI Civil Rights requirements, and have gone around

clean air requirements.

Lastly, we come as a people whose voices have been affected by soot, sulfur, nitrous oxides, and air toxics to express to you that you can support the people while not killing industry. It is a small price to pay -- 4 to 5 cents a gallon -- to produce clean fuel. Even if it costs twice the amount of what fuel costs, which it will not, the health of citizens is more important.

We thank you.

MR. FRANCE: Thank you for your testimony. John Crnko.

MR. CRNKO: Okay. I'm vice chair of ASTM Subcommittee D 203. What I'll be talking about today, we are with keepers, if you will, of some of the test methods that I'll be talking about here today. I also work for an instrument company that makes apparatuses that can apply to some of the technology I'm talking about.

There were some attachments that I had made to the talk here today, and I assume those have been forward; and I will reference them in my talk.

Regardless of how Tier 2 sulfur in diesel levels and final effective dates evolve, the petroleum community will need its most accurate and

flexible sulfur measurement tools. If a diesel sulfur program similar to the currently proposed rulemaking is enacted, the oil industry will soon be routinely analyzing motor fuels and their additives -- an example would be kerosene -- for very low sulfur levels. Should the averaging, banking, and trading or ABT provisions be enacted, refiners and blenders will need to measure ever lower sulfur levels as they seek to earn maximum ABT sulfur credits in early time frames.

Additionally, because of the various phase-in, ABT and small refiner considerations, analysts who measure sulfur in materials found in the distribution system will be faced with an unprecedented and constant variation.

As these various low sulfur diesels enter the distribution system, the oil production and distribution industry must be allowed to use its most capable, economical, and flexible sulfur measurement systems for monitoring and regulatory reporting purposes.

For example, by its own estimates in the preamble, the EPA states that refiners would actually have to produce 7 parts per million diesel in order to ensure the sulfur standard is not

exceeded during the fuel's journey to the end-user. These near-zero fuels will certainly be present in the distribution system along with other fuels containing a variety of sulfur content and additives.

Currently ASTM D 2622 which is a sulfur by x-ray method -- I'll refer to it as just 2622 as we go through -- has been designated as the sole EPA regulatory sulfur test method for Tier 2 gasoline. Additionally, the EPA has proposed a modified D 2622 for use with its Tier 2 diesel fuels. However, the EPA and the laboratory community recognize that in certain situations D 2622 has limitations and disadvantages.

An example is the need to prepare a special calibration cocktail for diesel analysis as described in the current proposal. Another example is found where less than 30 parts per million average fuels are already being produced.

In the mid-1990s, gasoline produced for California consumption was required to meet 30 parts per million average sulfur specifications. This prompted a group of refiners, the Western States Petroleum Association or WSPA, to petition the California Air Resources Board, CARB, for more

flexible, capable, and economical sulfur test methods.

What WSPA and CARB needed was an economical test method that could measure very low levels of sulfur while giving the same equivalent results as found when D 2622 was used for greater than 10 parts per million sulfur levels.

Various laboratory studies and cooperative multi-laboratory tests revealed that the ASTM D 5453, a sulfur by UV technique, was such a sulfur test method. New California laws resulted that allowed the use of D 5453 and one other technique for the analysis of sulfur in gasoline and diesel. These laws can be found in Title 13 of the California Code.

D 5453 has the analytical range to provide equivalent sulfur results in higher concentration and can readily analyze diesel samples down to 1 part per million.

Data from the ASTM cross-check program which is summarized as Attachment C; the findings of an ASTM research report which is my Attachment D confirms and reinforces the conclusions of the WSPA and California EPA. These independent studies affirm the equivalency of D 2622 and D 5453 for

higher sulfur concentration samples and D 5453's superior capability at less than 15 parts per million.

Several factors inherent to modern and future motor fuels contribute to D 2622's questionable performance at low sulfur levels. Metal contamination and the presence of oxygenated materials such as alcohol, ethers, or esters that may commonly be found in modern/alternate fuel mixtures interfere with the D 2622 analysis.

Additionally, the 2622-98 test method states that differences in carbon-hydrogen ratio of sample and calibration standards introduce errors in the determination. These analytical errors caused by matrix effects can become critical as sulfur concentrations decline. It is this issue that will most limit D 2622's usefulness in the inevitable blending future of diesel fuel.

The scope section of the most recent revision of D 2622 test method confirms that the technique is suspect for sulfur levels less than 20 parts per million. The proposed modified 2622 has not been shown to be capable in an ASTM multi-laboratory study or a round robin; and, in fact, this modified technique proposes that

side-window x-ray instrumentation that currently meets the existing 2622 criteria be limited or eliminated.

On the other hand, 5453 has proven itself to be an excellent test method for determination of sulfur in all sorts of low sulfur motor fuels. This is possible because 5453 uses a sample combustion technology that's very selective and free from the carbon/hydrogen ratio and oxygenate interference that can affect the current primary sulfur regulatory method. D 5453 instrument calibration is straightforward and not biased by the hydrocarbon matrix of the calibration material.

On-line and at-process sulfur analysis is absolutely essential for process control and blending operations. As different fuel stocks are blended to meet other critical fuel specifications, sulfur content must be controlled with confidence. The designation of 5453 as an approved sulfur test method would allow refiners the ability to economically develop on-line certification procedures and protocols. D 5453 technology has a proven process on-line history in California.

U.S. EPA has correctly requested comment concerning sulfur measurement technology costs.

Many laboratories and refineries already employ the use of 5453 analyzers. It's just they aren't allowed for regulatory reporting. D 5453 technology is a very economical alternative to D 2622 and has a much lower operational cost.

The following summarizes the 5453 and 2622 apparatus costs. I'll paraphrase here to save us a few minutes. Basically it's a times three situation. If you're buying a new instrument, you're going to pay three times as much for the 2622 as you do the 5453. In space, the instruments -- the 2622 are typically as big as one of these tables here; whereas, the 5453 technology is about the size of a good-sized TV.

Operation and maintenance is a big deal because most of the time 2622 technology requires a maintenance agreement. The 5453 is easy to maintain, and a lot of times the users will just choose a self maintenance option rather than going for a maintenance agreement. Some states require personnel exposure for the x-rays that come off of that, and that adds cost also.

So all of those things with the 2622 add cost to this law.

As previously mentioned, D 5453 is very

selective and free from carbon/hydrogen ratio (matrix effect) interference. This allows for accurate sulfur determination in multiple streams with a widely varying component matrix and is readily adaptable to at-process applications.

The development of an on-line certification program begins with the establishment of a direct correlation between on-line and laboratory results. The ability to use 5453 in the laboratory and on-line for the determination of sulfur eases and simplifies the establishment of this correlation of results. The issue of test method bias is eliminated.

Finally, D 5453 provides superior test results at lower sulfur levels and equivalent measurements at higher sulfur concentration levels.

I've included as Attachment C an article that will appear soon in a national refinery publication that summarizes a cross-check program that ASTN has been running for five or six years.

Allowing the use of D 5453 could enable significant capital savings for the fuel-producing community, while giving them a better measurement tool as sulfur concentrations continue to drop. The D 5453 test method has already been approved by

other regulatory agencies and has proven its worth time and time again in daily low level sulfur production as well as general use on a worldwide basis. D 5453 should be designated as an approved sulfur test method for regulatory reporting purposes.

Thanks for this opportunity to talk to y'all today.

MR. FRANCE: Thank you. The next testifier is Ed Arnold.

MR. ARNOLD: My name is Ed Arnold. I'm the executive director of Physicians for Social Responsibility, Atlanta Chapter. PSR is a national organization of about 20,000 healthcare professionals, including physicians and other supporters in this region, served by the Atlanta Chapter. We have approximately 250 members here.

Many virtually world-class physicians use PSR as their instrument through which to speak on public issues, and PSR supports what EPA is doing here with the provision that we think your phase-in time is too long. We think that this could be accomplished in a shorter period.

I won't go to the trouble or take everybody's time to read through or even cite the

many medical studies, epidemiologic studies that support what EPA is calling for here. I would suggest that any industry people or skeptics within EPA who think that taking the sulfur out of the air is something that's not needed, that they review those medical studies.

And that takes me to a recommendation. I don't think that we in the nonprofit community or the EPA is doing a sufficient job of educating the public. I don't think that we have public support for what you're doing here to the extent that would be possible if EPA and our other groups as well -- I cite myself with this concern, but especially the federal government. If the people knew what was happening to their health as a result of bad air, there would be no question. You wouldn't have to go through this. There would be automatic acceptance of what you're doing.

So some provisions that would improve public education about these issues such as -- maybe you do some of these things already. I'm not sure. But if you link to -- for example, the American Lung Association has extensive medical data on its web site. If you would link to that so that people who want to check on this can find out what the facts

are, that would be useful.

Not long ago the editorial page editor of the Atlanta Journal wrote an editorial that just came from I don't know where. I don't know whose agenda he was pushing; but it was totally erroneous, the conclusions he was drawing about what bad air does to us. Did the federal government go talk to him or his publisher? I doubt it. An activist's role in refuting the campaigns of misinformation and disinformation would be very useful to us all.

Once again, thank you for the opportunity to come before you and speak today.

MR. FRANCE: Thank you for your testimony. June Deen.

MS. DEEN: I'm June Deen. I'm with the American Lung Association of Georgia. I can usually talk without this. I want to thank you for the opportunity to speak today.

You've heard a lot about illness caused by bad air and problems for people with asthma, chronic respiratory and cardiac illness; and I don't know that I can add very much to that.

I will only say, as you all know, the Lung Association is very concerned about the air we breathe and to always remind you that your lungs and

breathing apparatus is the first line of defense for your body against poisons and toxins in the air. And from that perspective, we're very pleased to support the rulemaking that you've proposed here for low sulfur diesel fuel and for improving the technology around diesel engines.

I was provided with some information on some research that's been done around diesel exhaust, and I'm just going to read the titles to you. I'll leave this testimony here and you'll have it for the record. You've probably seen it before, but I was amazed.

Positive associations between wheezing and allergic rhinitis and truck traffic were found during a 12-month period for about 3700 students. That doesn't sound too good to me. The proximity of a child's residence to major roads is linked to hospital admissions for asthma. That doesn't sound too red hot. A school's proximity to freeways is linked to asthma occurrence. Truck traffic intensity and the concentration of emissions measured in schools were found to be significantly associated with chronic respiratory symptoms.

And there's some more like that that comment further, and I will leave those for your

review.

I would just say certainly when folks that are afflicted with respiratory problems are experiencing difficulty, that's a wake-up call for all of us that we're also -- those of us who don't have those problems are getting these low level assaults of bad air that's compromising our ability to breathe.

And toward that end, we know a lot more today about the health effects of air pollution than we did in earlier years; and we urge you to proceed with all due haste.

And thank you for your time today.

MR. FRANCE: Thank you for coming. The next testifier, Troy Burns.

MR. BURNS: Good afternoon. My name is Troy Burns. I'm a resident of Georgia. And I'm here today basically because this is a good step forward, and this issue really does have two sides.

In one corner you have somebody like a child that's not my child, but she's eight months old. My wife photographed her about two weeks ago. And if you can't see her, you can just put a young child that you know in place of her face.

But in this corner we have

eight-month-old Kiley Anderson from Marietta, Georgia; and Kiley's mother won't let her have a tea party in the backyard this summer because the air poses a significant health risk.

In the other corner we have the oil industry who doesn't want to reduce sulfur level, nitrogen oxide, or other particulates from their fuel because it will affect their quarterly earnings.

There's documentation confirming increases in asthma, bronchitis, pulmonary disease, heart disease, and cancer. Meanwhile, they'll spend untold amounts of money on legal fees and lobbying to avoid the new legislation. I would love to see a comparison on the cost of avoidance versus the compliance.

But this is why we have the EPA, and the question is now one of roles. Is it the EPA's role to throw tea parties or to protect quarterly profits? I hope it's teatime myself.

And, therefore, I urge the EPA to reduce diesel sulfur levels to a national cap of no more than 15 parts per million nationwide by 2006; to also cut smog-forming nitrogen oxide pollution from big trucks and buses by 95 percent and particulate

soot pollution by 90 percent no later than 2007; to ensure that big trucks are meeting emission standards on the road, not just during emission tests; and to add incentives that will increase the use of nondiesel alternatives like natural gas, electric batteries, fuel cells, hybrid automobiles, and other advanced technologies.

Thank you.

MR. FRANCE: Thank you. Michael Chameides.

MR. CHAMEIDES: I moved to Atlanta 19 years ago when I was two years old. I started playing soccer when I was five years old, and I've been pretty active ever since. In high school I played on the state championship soccer team and the state championship wrestling team. I also got the coach's award in wrestling and the scholar athlete award from my high school.

I go to school now in Upstate New York at Bard College. And in addition to playing soccer and jujitsu, I run on the cross-country team.

And I consider health a major priority in my life. I've had a number of injuries over the years. I had two compound fractures. I lost a piece of my finger. I had stitches over my eye. I

had tendonitis, sprains and strains, and two or three concussions. But nothing has been more debilitating than Atlanta's air pollution.

I came home last summer form school. I was running every day at least 5 miles at Bard which is more of a country area. And I went running here in Atlanta over at Piedmont Park. My lungs burned for three days. I was like better not run so much. So I'll just walk around. I'm outside a lot because I feel like that's a normal thing that people want to do, is be outside their homes. And my lungs would burn. I was tired. I was fatigued.

So I went to my doctor, and the doctor confirmed what I already knew was the problem. He said it was the air pollution. I was being poisoned by the air outside of Atlanta. And the reason why is because of trucks and is because of diesel and unclean fuel.

And the thing is that I am a lot better than most people. There's 125,000 cases of cancer caused by diesel vehicles. Smog causes 150,000 Americans to go to the emergency room and 40,000 deaths every year. I mean there are wars that are fought that have less casualties than what smog has done to America.

And this is absurd that we're letting industry get away with this. They're sitting around and they're complaining. They're saying they don't have the technology for improvement, they can't afford to make changes. But perhaps if they spent a little less money on lobbying and PR campaigns they could spend a little bit more money on saving lives.

We've heard these arguments before. When we put seat belts in cars and we passed the Clean Air Act, when we were all here last year to pass the Tier 2 amendment, industry was saying the exact same thing. They said they can't make it, they'll fall apart if they change it. But we know we can make the changes. And the issue is really what's more important. Is it their profit or is it people's lives?

It's clear that the majority of Americans want clean air. I've never head anybody say that they would rather the oil industry make more money if they got cancer. No one wants cancer and no one really cares that much if the industry makes $10 billion or $11 every quarter. And it's not an issue. They make huge amounts of profit. They can afford to make these changes.

So considering that, I urge you to approve the recommendations and specifically to reduce sulfur levels to only 15 parts per million nationwide for both on-road and off-road vehicles by the year 2006. Clean up big trucks and buses by at least 90 percent by the year 2007. Ensure that big trucks are meeting emission standards on the roads, not just during emission tests. Increase the use of diesel alternatives such as electric buses and other advanced vehicles.

Thank you.

MR. FRANCE: Thank you. And I thank the rest of the panel, and we appreciate you sharing your views with us. Thanks.

The next panel, Henry Chuang, Jim Chapman, Lynn Razaitis, Kenneth Rosso, Dr. Howard Frumkin, Robert Pregulman.

(A discussion ensued off the record.)

MR. FRANCE: Henry Chuang, start when you're ready.

MR. CHUANG: Thank you for the opportunity to speak before you today. My name is Henry Chuang. I'm a student at Emory University, and I'm here today to urge you to adopt the toughest possible standards to reduce pollution from

heavy-duty vehicles.

Here in Georgia, smog sends more than 5,000 people to emergency rooms each year and causes more than 240,000 asthma attacks. Making matters worse, a study by local air pollution control officials estimates that diesel exhaust is responsible for 125,000 cases of cancer in the United States.

Ladies and gentlemen, I'm positive you're well aware of these statistics. However, when we look at these statistics, all we see is a number. I mean what do they mean to us? Behind each number there is a face, a story, a life. And when we refuse to take action, we condemn these people who are our friends, who are ourselves, and who are our neighbors to suffer from something that could easily be prevented.

Now, I'm lucky enough to be raised in the San Francisco Bay area, which is, as most of you know, one of the strongest economies in the nation. Yet, it is also one of the most environmentally protected areas. It is possible for environmental protection to be combined with the strong economy.

In order to protect the public health, we must require drastic reductions in pollution from

these large trucks and buses as soon as possible. I was, therefore, disappointed to learn that the EPA has proposed waiting until 2010 to fully clean up smog-forming pollution from trucks and buses.

In addition, because high sulfur levels will poison the new diesel cleanup technologies, we must ensure that all diesel fuel is fully cleaned up and readily available before trucks are required to clean up.

Specifically, I urge you to, first of all, reduce diesel sulfur levels to no more than 15 parts per million nationwide for both on and off-road diesels by 2006; secondly, clean up all big trucks and buses by at least 90 percent by 2007; thirdly, ensure that big trucks are meeting the emission standards on the road, not just during the emission engine tests. Finally, I urge you to increase the use of diesel alternatives such as electric and fuel cell buses.

These measures are critical for the protection of public health and the environment. I hope you seriously consider them in your final decision making.

Thank you.

MR. FRANCE: Thank you. Robert

Pregulman.

MR. PREGULMAN: Hi. My name is Robert Pregulman, and I'm the program director for the Georgia Public Interest Research Group here in Atlanta. And I appreciate the EPA for coming to Atlanta once again for soliciting comments from one of the most polluted cities in the country with regard to air quality.

I participated in the Tier 2 hearings last year; and today kind of signifies an anniversary for me, because it was last year at the hearings when I learned that I had asthma.

I was sitting in the audience waiting to testify and next to me was a doctor who was also going to testify. And for sometime I had had shortness of breath. I couldn't exercise in the afternoons like I used to. I couldn't jog and had chronic sinus problems. And when I told her my symptoms, she said it sounds like you have asthma, you should come see me. And the next week I went to see her, and it turns out that's exactly what I have.

I have never had any health problems like this before, before I moved to Atlanta. So I'm here not only as someone from an environmental

organization but also a citizen who is suffering from the effects of Atlanta's bad air.

I'm going to ask y'all to do a couple of things that I know that several people have already. As an organization, we fully support your efforts to clean up diesel emissions. We think that y'all have taken some extremely far-reaching and farsighted steps towards correcting this problem.

We definitely recommend that sulfur in gasoline should be reduced to 15 parts per million by the year 2006. We know that sulfur inhibits the ability of engines to properly -- it inhibits the pollution reduction equipment in diesel engines, and obviously that's very important and we do support that.

We also support your efforts to reduce nitrogen oxide levels and also particulate levels, although we would ask that you do not wait until 2010 to completely reduce the nitrogen oxide levels. We definitely would like that to happen with the particulate and reduce them by 2007. And I believe that you're shooting for 95 percent reduction in nitrogen oxide, a 90 percent reduction in particulate; and we request that both of those things happen by 2007. We certainly don't need

another ten years of high NOx levels here in Atlanta or anywhere else in the country from diesel engines.

In closing, I want to touch on something that some previous speakers mentioned as far as cost of implementing these programs. I know the petroleum industries, the trucking industries have complained about the cost of implementing these programs, just as the auto makers did last year and the oil industries did last year for Tier 2.

I think the recent skyrocketing gas prices that we have seen especially in the Midwest, with no backup data to support it other than it looks like the oil companies are gouging the public, shows where they stand on this issue.

Also, historically, since 1970 the oil industry and the auto industry have fought every attempt to make cars cleaner and safer and have drastically overestimated the cost of implementing tougher safety standards and tougher pollution standards.

None of those things have come to pass. Air bags didn't make cars prohibitively expensive. Seat belts didn't make cars prohibitively expensive. The Clean Air Act in 1970 did not make

cars prohibitively expensive. It won't happen with these new standards as well.

So we urge you to move forward. And one thing I would add is it's critically important to take into account not just the cost to the industry to implement these things but also look at the cost of what pollution does to society.

There's more medication. There are more trips to the doctor. There's higher emergency room visits. There's higher insurance rates. There's billions of dollars lost in lost productivity because people are too sick to go to work or go to school. Personally, I pay about $150 a year for asthma medication that I didn't have to pay before.

These are real costs that people are suffering under because of air pollution, and a few pennies more for diesel fuel or cleaner diesel engines will not make a difference. It's more important to protect people's health and it's also more cost effective as well.

Thanks again for taking my comments.

MR. FRANCE: Thank you. Not Joan King but her testimony?

MS. KELLY: Yes. My name is Allison Kelly. I'm the clean air activist from the Georgia

Public Interest Research Group. And if you'll permit me, I'm going to read the testimony of Joan O. King with 20/20 Vision.

For submission to the June 22nd EPA hearing in Atlanta, Georgia. Since I am unable to be at today's EPA hearing on diesel emissions, I wish to submit the following statement by proxy and ask that it be added to the record.

I am Joan O. King. I live in Sautee Valley which is in rural North Georgia. I represent the Environmental Concerns Committee of the Sautee Nacoochee Community Association, an organization of over 400 members.

Over the last 15 years, I have worked with other environmental organizations as well. While I do not speak officially for these groups today, I am going to mention a couple of them so you will have some basis with which to judge my background and knowledge of the issue at hand.

I am a former national board member of 20/20 Vision, an organization whose business it is to be informed about environmental issues. I work closely with the Georgia Chapter of Physicians for Social Responsibility, an organization that studies air pollution and its impact on public health.

I belong to a number of other groups that are concerned about air pollution. I have read their literature, and I accept their conclusions. But one doesn't have to be an environmental activist to know we have a problem. Just read the papers. Or better yet, step outside and take a deep breath.

I am adding my personal appeal to that of the Environmental Concerns Committee and I urge the EPA to adopt the toughest possible emission standards for all forms of automotive transportation. We hope something will be done, and done soon, to cut emissions from heavy trucks and buses.

I understand New York City has just committed to improving their air quality by cleaning up their fleet of over 4,000 buses. Atlanta has been called the New York of the South. We need to follow their lead, and we look to the EPA to help us do it. Give us the regulations. We will do all that we can to educate the general public on the need for emission regulations and the benefits to their health once they are in place. Thank you.

And, in addition, before I go, I'd like to present 71 comment letters to the EPA. This represents 71 people that wanted to be here today to

express their concern over this issue directly to you. But they couldn't be hear for scheduling reasons, so they submitted letters.

MR. FRANCE: Okay. Thank you. We do appreciate you taking the time out of your day and sharing your thoughts with us. We'll seriously take them under consideration. Thank you.

Is there anyone in the audience who would like to testify?

(A recess was taken.)

MS. PANDEY: Hi. My name is Stacy Pandey, and I live in Marietta. I'm a member of the Sierra Club and have also worked with Georgia PIRG in the past.

Thank you for giving me the chance to voice my support for clean air. I applaud your bold initiative to reduce pollution in diesel trucks by 90 percent.

I'm sure you've heard a bunch of statistics today; but there are a lot of cases of cancer that are caused by pollution from diesel trucks and buses here in Georgia, and many health studies have linked diesel pollution to lung cancer. Other things that it causes are heart and lung disease and many asthma attacks.

I have traveled to Delhi, India where the majority of taxis, cars, and buses run on diesel. When you go out even for a short trip, your face becomes noticeably dirty with particulate matter and you blow out black snot.

According to the World Health Organization, living in Delhi or Mumbai is equivalent to smoking 20 cigarettes a day. Everyone has a perpetual cough, including my two-year-old nephew.

At this point, Indians understand the detrimental effects of pollution but are struggling with the economic burdens of cleaning it up. We must not let Atlanta go down the same path.

Big trucks and buses are among the biggest pollution sources, and they must be cleaned up to protect the public health. Although diesel vehicles amount to only 2 percent of all vehicles on the road, I'm sure, as you know, they're responsible for 27 percent of the smog-forming pollution and two-thirds of the soot produced by all the nation's vehicles. In fact, I guess one truck can pollute as much as 100 cars.

Therefore, I urge the EPA to reduce fuel sulfur levels to at least 15 parts per million

nationwide for both on-road and off-road diesels; clean up big trucks and buses by at least 90 percent by 2007 at the latest; ensure that big trucks are meeting the emissions standards on the roads, not just during emissions tests; and increase the use of advanced technology vehicles.

Thank you for allowing me to speak.

MR. FRANCE: Thank you very much for your testimony. Anyone else in the audience? Why don't we take a 15-minute break and we'll reassess the situation.

(A recess was taken.)

MR. FRANCE: Anup Pandey. Is there anyone else in the audience who would like to testify?

MR. PANDEY: Hello. Good evening. I'm going to go by my firsthand experience of what diesel emissions can do to you. I was, as my wife has also said, in India. I was there for 40 days about two months ago. And just in one hour, when you travel, when you reach your destination, you're so exhausted and you get teary-eyed.

You get teary-eyed for two reasons. One is the diesel and the other is the situation of the atmosphere there. Because of the lack of foresight

ten years ago when the policies should have been put in place, realization was there; but, again, because of corruption in the government and lack of uplifting of the issues amongst the politicians and amongst the people at that time, it was all fine and dandy ten years ago. Delhi was a beautiful place to live in, but now life is completely miserable.

Even I who grew up in Delhi just wanted to get away from that city after my, you know, business deal was over. My life was miserable purely because of diesel emissions.

And I would just like to say that when there is still time we should, here at least in this country where policy makers are more aware of these issues, are more educated, we should try to do whatever we can to put the policies in place and to effect it as soon as possible.

Even the taxi drivers there, everybody blames the taxi drivers because it's too late and it's going to be very expensive to change. It's very uneconomical to change all the diesel engines that are in taxis over there. And people say well, we'll ban the taxies. When that happens, the taxi drivers will go on strike because it's not possible for them to change now.

And the taxi drivers, I've talked with some of them because this is an important issue for me. And they would all say we are all for it, because it harms them too every day driving on diesel fumes from the trucks and their taxis themselves.

But they say, you know, five years ago when there was a bid to put a better engine, the government took some money from the suppliers of the diesel engines, you know, the petroleum group, whatever; and they went with the diesel engine. And so, of course, the taxi drivers went for the cheaper thing as well. And so today it's much more difficult for them to revert back.

What my basic point is is that we should -- the more delay you do in fixing something, the more expensive it will get and the more possibility that it may not be as perfect as it could be if it was sooner.

That's all. Thank you.

MR. FRANCE: Thank you. Thank you for sticking out with us. Anyone else? We're on another break.

(A recess was taken.)

MR. FRANCE: We'll conclude this

hearing.

(Proceedings concluded at 6:30 p.m.)

C E R T I F I C A T E

STATE OF GEORGIA:

COUNTY OF HARALSON:

I hereby certify that the foregoing transcript was taken down, as stated in the caption, and the questions and answers thereto were reduced to typewriting under my direction; that the foregoing pages 1 through 279 represent a true, complete, and correct transcript of the evidence given upon said hearing, and I further certify that I am not of kin or counsel to the parties in the case; am not in the regular employ of counsel for any of said parties; nor am I in anywise interested in the result of said case.

This, the 29th day of June, 2000.

KARA K. LUCAS, CCR-B-1496
CERTIFIED COURT REPORTER